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Jordan Will Help, Bush Says

Doug Mills/The Associated Press
King Hussein of Jordan being greeted Thursday by President Bush in Kennebunkport, Maine.

King Bears No Message From Baghdad

Compiled by Our Staff From Dispatches

KENNEBUNKPORT, Maine — President George Bush said Thursday that King Hussein had assured him that Jordan would close a vital port to most Iraqi commerce.

Mr. Bush said it was not possible to say that the Middle East crisis had stabilized, and thousands more Marines were dispatched to the Gulf. At a news conference at his summer home in Maine, he also expressed concern about reports that Americans were being rounded up in Kuwait by the occupying Iraqi forces.

Mr. Bush had said in advance that he would press King Hussein to deny Iraq access to the port of Aqaba, the last remaining free waterway for the [illegible] whether the king had offered such assurances, he replied, "Yes."

After meeting for two hours with King Hussein, Mr. Bush said he did not come away with "any feeling of hope" that President Saddam Hussein of Iraq would roll back his army from Kuwait and the border with Saudi Arabia.

He also said he had not yet decided whether to sign an order calling up reserve units.

In an unexpected development, King Hussein disclosed after the talks with Mr. Bush that he had not delivered a message from Saddam Hussein.

But Mr. Bush said he was "very encouraged" by his discussion with the king and by support

See BUSH, Page 6

Iraq Warns of Thousands of U.S. Deaths

Compiled by Our Staff From Dispatches

NICOSIA — President Saddam Hussein warned Thursday that thousands of Americans would die in an armed conflict with Iraq.

The Iraqi leader accused President George Bush of trying to plunder Arab oil and said U.S. forces gathering in Saudi Arabia could be crushed in a holy war.

"We pray to God that the two sides will not clash, because if they do thousands of Americans whom you have pushed into this dark tunnel will go home in shrouded coffins," the Iraqi leader said in a speech broadcast from Baghdad.

Mr. Hussein's address followed a speech by Mr. Bush on Wednesday when the U.S. president called him a liar. In response, Mr. Hussein said:

"You, president of the United States, have chosen to be a liar. You have lied to your people."

The official Iraqi News Agency, meanwhile, denied a report by the Middle East News Agency of Egypt, which said tanks were in the streets of Baghdad after an assassination attempt on the Iraqi president.

"Baghdad is thriving in the stability and normal life which its people enjoy in the shadow of their

See IRAQ, Page 6

Mass Internment Is Feared As Iraq Calls In Westerners

By William Claiborne
Washington Post Service

CAIRO — Fears of a mass internment of Western nationals in Kuwait grew Thursday as 4,000 Britons and 2,500 Americans were reported to have been ordered by Iraqi authorities to assemble in Kuwait City hotels.

The United States said it would protest to Baghdad and demand an explanation.

A deputy State Department spokesman, Richard A. Boucher, said the Iraqi action was totally unjustified. He said that the U.S. chargé d'affaires in Baghdad would lodge a protest.

A British Foreign Office minister, William Waldegrave, said in London that the order issued to the 4,000 Britons was a "grave and sinister development" and could be a prelude to a mass internment of foreigners in Iraq.

Mr. Waldegrave said he believed that Americans and other Westerners were included in the order to assemble at Kuwait City hotels.

Mr. Waldegrave said the Iraqis had made it clear the Westerners could be in danger if they disobeyed the order.

"What we fear," he said, "is that they will be interned somewhere, most likely in Iraq."

He added, "I hope these reports and the storm of protest that will break around the head of Iraq if she pursues any policy on interning people will make her draw back, even at this late stage, if that is what she contemplates."

Earlier in the day, a convoy of British and Soviet citizens left Kuwait for Baghdad with an Iraqi military escort. The group was reported to have included 112 British Embassy staffers and dependents and an unspecified number of the estimated 880 Soviets in Kuwait.

The Foreign Office said the British community in Kuwait had been offered the opportunity of going to Baghdad, but that most had decided to stay.

In Amman, Jordan, Foreign Minister Gianni De Michelis of Italy said the European Community had asked Jordan to intercede with Iraq to free thousands of Westerners trapped in Baghdad. Mr. De Michelis said he told Crown Prince Hassan that Iraq was aggravating matters by keeping thousands of foreign civilians in Baghdad in violation of international law.

About 7,000 refugees, including 4,000 Egyptian contract workers, streamed over the Iraqi border into Jordan on Thursday.

Three Americans, three Britons and a Frenchwoman were also among those leaving. They were the first Westerners allowed to cross from Iraq into Jordan at the Ruweished border post since Saturday.

The travelers said that another 4,000 people were waiting on the Iraqi side to cross the border, and that many refugees from Kuwait were stranded in Baghdad because they could not buy enough gasoline to drive out.

■ Roundup Threat by Iraq

A U.S. official said Thursday that Iraq had threatened to round up Americans in Kuwait City if they did not comply with an order to move to a hotel, news agencies reported from Washington.

The Bush administration said it had sought a meeting to protest the Iraqi orders and demand an explanation for the directive, delivered by Iraqi military authorities to the U.S. ambassador in Kuwait, Nathaniel Howell.

"In the meeting, the Iraqis did imply that they would go out and find people," a U.S.

See FOREIGNERS, Page 6

Ships Wait As Embargo Takes Hold

By Steven Prokesch
New York Times Service

LONDON — An unusually large number of commercial ships are anchored outside the entrance to the Gulf, and most Iraqi-owned commercial ships are not trying to pick up or unload cargoes around the world, shipping experts said Thursday.

They said these developments reflected the impact of the United Nations trade sanctions against Iraq and Kuwait and the American-led naval embargo, as well as fears that war would break out between Iraq and the multinational force in the region.

Lloyd's List International, an authoritative newspaper on the shipping industry, said that "the vast majority of Iraq's fleet of about 80 tankers and cargo ships has stopped regular trading."

Citing Lloyd's Shipping Intelligence, which tracks ship movements, the paper said: "More than three-quarters of the fleet has not been recorded entering port since Iraqi troops invaded Kuwait, while others have failed to make their intended ports of call." Iraq invaded Kuwait on Aug. 2.

In a separate development the British government indefinitely blocked the exporting of a cargo of munitions that was to have been shipped to Aqaba, Jordan, apparently fearing that the cargo might actually be bound for Iraq.

Iraq's commercial fleet of ships above 100 gross tons in size includes 24 tankers, 4 barges, 20 cargo ships and a refrigeration ship, according to Lloyd's Maritime Information Services.

Of the 24 tankers, only 18 are believed to be in active service, including one that is being used as a storage vessel at Aqaba, Jordan, and 3 that are scheduled for repairs.

One of these, the Tarik ibn Ziyad, had sailed to Lisbon for repairs. But the Portuguese government has decided that the work would be a violation of the UN sanctions and has refused to let the repairs proceed, Lloyd's List said.

It also said that port authorities at Dubai in the United Arab Emirates denied entry earlier this week to an Iraqi cargo barge, the Alabid, and that another Iraqi barge, the Albayaa, was waiting there too. On Monday, Saudi Arabia refused to let an Iraqi tanker,

See EMBARGO, Page 6

U.S. to Send 45,000 Marines to Gulf

Compiled by Our Staff From Dispatches

KENNEBUNKPORT, Maine — Pentagon sources said Thursday that 45,000 Marines would be among the U.S. troops being sent to the Gulf region.

The size of the Marine deployment became known as one source said that President George Bush had given naval commanders in the Gulf permission to use "minimum force" to halt shipments to and from Iraq in enforcing a United Nations trade embargo.

Those steps could include attempting to block the ship's passage or firing a warning shot across the bow, a senior administration source said in Washington.

The size of the Marine deployment was disclosed by officials speaking on condition of anonymity.

Officials said Wednesday that 50,000 Marines, army airborne and infantry troops would be sent to Saudi Arabia in the coming weeks. It was not immediately known over what period the 45,000-man Marine contingent would be deployed in the Gulf.

There are now about 60,000 U.S. ground troops, sailors and airmen in the region.

In a separate interview General John Dailey, assistant commandant of the U.S. Marine Corps, said that the service was sending a "substantial armada" of assault troops, the largest since the Vietnam War.

"We don't just arrive," he said. "We're there to stay for a fairly lengthy period."

Defense Department sources said that 22 F-117A Stealth fighters were leaving Thursday for the Gulf. The radar-evading jets saw their first combat in Panama in December.

The aircraft carrier John F. Kennedy and its eight-ship battle group left for the Middle East on Wednesday.

The instructions on interdiction of Iraqi ships prescribed a step-by-step approach under which commanders should first ask ships to halt and seek their cooperation before taking any more aggressive steps, the administration source said.

The instructions "will tell them to use the minimum force necessary," said the source, adding that such actions might include steps taken to disable a ship so that it could not continue on its way.

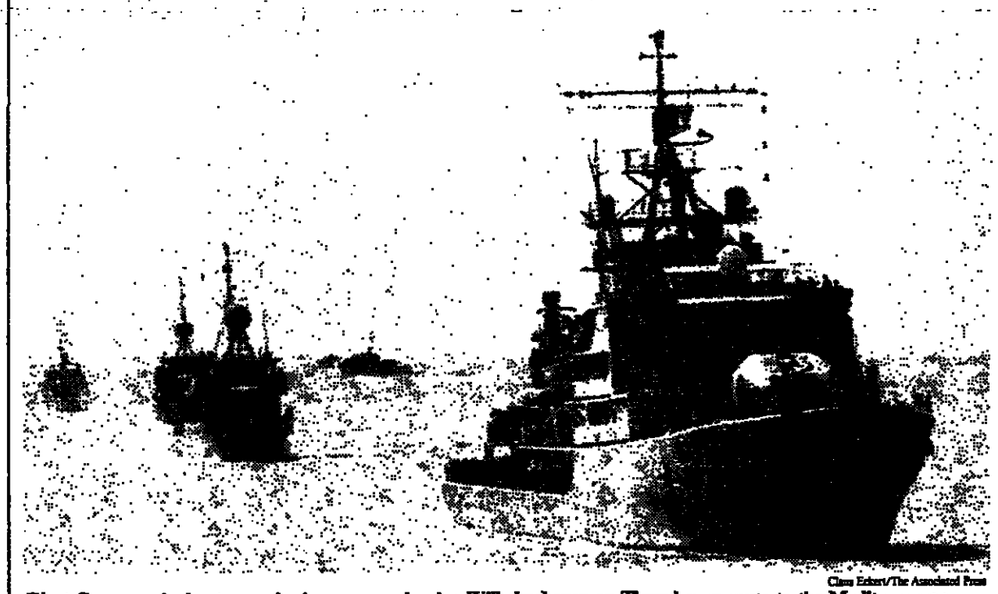
Meanwhile, 2,000 more troops promised by Egypt to defend Saudi Arabia against a possible Iraqi attack left Cairo for the kingdom on Thursday, Egyptian Defense Ministry sources said.

They said that the troops were being flown to join 3,000 Egyptian troops already there. The first Egyptian units arrived in Saudi Arabia on Saturday after an Arab summit meeting in Cairo decided to send an Arab force to the kingdom following Iraq's annexation of Kuwait.

The Defense Ministry sources said that orders had been issued for Egyptian Air Force pilots transporting the troops to Saudi Arabia to repatriate thousands of Egyptians who had fled there from Kuwait or had been unable to re-enter from Saudi Arabia following the invasion. Kuwaitis in the kingdom will also be offered free transport to Cairo, they said.

The Egyptian deployment is part of a movement of more than 125,000 troops,

See MARINES, Page 6



Claus Eckert/The Associated Press
West German minehunters and minesweepers leaving Wilhelmshaven on Thursday en route to the Mediterranean.

Kiosk

Gambia Seeks Liberia Talks

BANJUL, Gambia (Reuters) — President Sir Dawda Jawara on Thursday invited Liberia's three warring factions to peace talks in the Gambian capital on Aug. 27.

President Jawara issued the call in the name of a mediation committee of the Economic Community of West African States, which has assembled a peacekeeping force to impose a cease-fire in Liberia. He invited factions loyal to President Samuel K. Doe, to the rebel leader Charles Taylor and to the dissident rebel chief Prince Yormie Johnson.

General News

East Germany's coalition was near collapse following a cabinet shake-up. Page 2.

President Suharto ruled out changing the Indonesian political system. Page 2.

Business/Finance

Oil prices rose as hopes waned for a quick solution to the Middle East crisis. Page 11.

Crossword Page 8.

Dow Close	The Dollar In New York	
2,681.44	DM	1.5533
Down	Pound	1.909
96.83	Yen	147.24
	FF	5.2115

Fighting Erupts in Soweto as de Klerk and Mandela Confer

By Alan Cowell
New York Times Service

SOWETO, South Africa — As factional violence shifted Thursday to Soweto after three days of bloodletting east of Johannesburg, President Frederik W. de Klerk held unscheduled talks with Nelson Mandela and later threatened unspecified action to curb violence that has claimed at least 200 lives in various parts of the country over the past week.

After the meeting, Mr. Mandela's African National Congress and one of its allies, the Congress of South African Trade Unions, issued an emotional appeal for calm.

"This senseless carnage must stop," the appeal said. Most significantly, the statement seemed to reverse previous allegations by the African National Congress that the police were fomenting violence by supporting the group's adversaries.

"The role of the police is to serve the community, not to fan the flames of conflict," the statement said.

Nine more persons, all black, were reported slain Thursday and 99 injured after, according to Soweto residents, a group of Zulu migrant workers fought commuters boarding trains at dawn to head for jobs in Johannesburg.

A police spokesman, Brigadier Leon Mellett, said the toll could be much higher because many of the wounded were in critical condition.

The state-owned South African Broadcasting Corp. reported that the minister for law and order, Adriaan Vlok, was meeting with Mr. Mandela in Soweto Thursday night to seek an end to the fighting.

Throughout the day, bands of youths proclaiming allegiance to Mr. Mandela's African National Congress barricaded streets, burned tires and challenged residents of a hostel that catered to the Inkhatha movement of Chief Mangosuthu Buthelezi, whose following rests principally among South Africa's 6 million Zulus.

At one hostel, scores of migrant workers performed dances and brandished crude spears, their heads swathed in the red bandanas that many Zulus have taken as their emblem.

The fighting this week had claimed more than 140 lives in segregated black townships east of Johannesburg. Scores more people have died in Port Elizabeth and Sebokeng areas south of here.

Police fired continuing rounds of tear gas to keep the warring sides confined to different ends of a bridge across the railway tracks in Soweto Thursday after the initial clashes.

The African National Congress statement acknowledged political and ethnic differences among black South Africans, but appealed for peace.

"Yes, we might have political differences," the statement said. "Yes, we might belong to different political organizations. Yes, we do not speak one language. Yes, we do come from different parts of the country, but this should be the basis for our unity, not for violent conflict among the people.

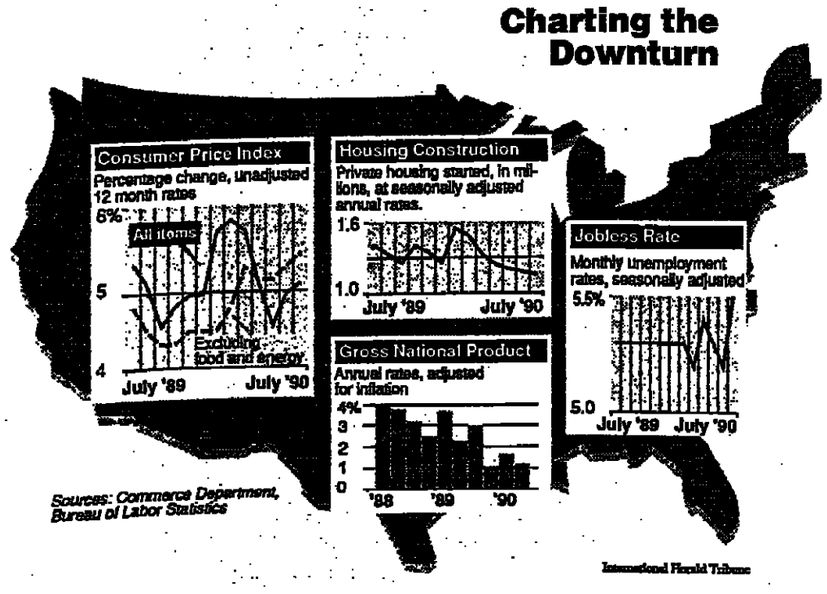
"We can and must debate, yes," it continued. "But butchering one another will not take anyone anywhere. Every black life lost *prolongs the period of our suffering.*"

An Inkhatha spokesman, Mbongeni Khumalo, sought to distance his organization from the violence, saying it was tribal not political.

The hostilities around Johannes-

See RIOTS, Page 2

Charting the Downturn



Sources: Commerce Department, Bureau of Labor Statistics
International Herald Tribune

U.S. Inflation Rate Surges

By Lawrence Malkin
International Herald Tribune

NEW YORK — U.S. inflation was surging even before the Middle East crisis caused a rise in oil prices, the government reported Thursday, indicating that worse is to come for the national economy. Housing construction also collapsed as bank credit tightened.

Economists called the latest government figures — which showed consumer prices rising faster than expected in July and housing starts slumping at the same time — unalloyed bad news. The data intensified the dilemma of the Federal Reserve Board on whether to loosen credit.

"America's worst economic fears could be coming true — recession with rising inflation," said Lawrence Hunter, deputy chief economist for the U.S. Chamber of Commerce.

On top of the sour economic news, angry words from President Saddam Hussein of Iraq and a reported roundup of U.S. and British citizens in Kuwait put war fears into the financial markets, prompting stocks to plummet and bond yields to rise.

Bond prices fell sharply on the data because traders assumed the Fed would be forced to keep credit tight while the rise in oil prices passes through the economy this autumn. Then came Mr. Hussein's statement calling President George Bush a liar, and prices of 30-year Treasury bonds tumbled one and one-half points to yield 8.91 percent.

Corporate bond rates also climbed. Salomon Brothers had to price a new issue of 15-year bank bonds to yield 10.25 percent.

"In this very, very nervous environment, buyers are unwilling to step in and are waiting for a sign that the market or the world will take a turn for the better," said Michael Metz of Oppenheimer & Co.

The Bureau of Labor Statistics said that the consumer price index rose by 0.4 percent in July. The core rate of inflation, which includes volatile energy prices that actually declined during the month before Iraq's invasion of Kuwait, jumped an unexpected 0.6 percent, powered by rising housing and medical costs.

On top of that, economists forecast that gasoline price increases already in the pipeline would alone account for an increase of almost 1

See ECONOMY, Page 12

Dow Jones Index Plunges by 2.4%

NEW YORK (UPI) — Stock prices plunged Thursday on Wall Street as poor U.S. economic data and signs of heightened tension in the Gulf made investors jittery.

The Dow Jones industrial average sank 66.83 points, to 2,681.44, a drop of 2.4 percent. Broader market indexes were also sharply lower.

The slump on the New York Stock Exchange began at the opening bell with negative data on U.S. consumer prices and housing starts in July, indicating that the economy faces the twin evils of higher inflation and a slowdown in growth.

The dive in share prices accelerated as tension in the Gulf intensified with a new, hostile blast at the United States from President Saddam Hussein of Iraq. (Page 11)

On a Remote Railroad Line, Fresh Khmer Rouge Atrocities

By Steven Erlanger
New York Times Service

KOMPONG CHHNANG, Cambodia — It is quiet now near the little town of Mnok, on the train line between Battambang and Phnom Penh. On July 15, it was the site of one of the worst atrocities of this stage of the 20-year Cambodian war.

The train from Battambang was the first for eight days, and it was packed with Cambodians, including nearly 100 students going to the capital to apply for scholarships.

As usual, many people were riding without tickets on the flat cars always put at the head of trains to detonate any mines, thus protecting the valuable and venerable French-made locomotive.

This time, the people on the mine-detector flat cars were safe.

Several hundred Khmer Rouge guerrillas waited for half the train to pass before detonating their mines. The last five cars derailed, and the Khmer Rouge shot up the train with machine-gun fire and rockets, survivors say.

Khim Mon, a farmer serving in the local militia, said he saw four wounded people robbed of their watches, jewelry and money and then shot.

"The Khmer Rouge said we were traveling on a Vietnamese train," he said.

The Cambodian defense minister, Tie Banh, said 53 people were killed and more than 100 wounded in the attack. Toch Yoeun, the chief of the cabinet of this province, put the death toll closer to 80.

"The Khmer Rouge shot and killed and robbed people of gold, money and rice," he said.

"They threw grenades in the carriages. They took students to be porters for them. They took 10 women students, who ran away after rape and who were only in their underwear."

Mr. Toch Yoeun spoke dispassionately. Now 38, he says he has been in three wars: under the U.S.-backed Lon Nol fighting the Khmer Rouge; under the Khmer Rouge fighting for his life, and now under the government of Prime Minister Hun Sen, still fighting against the Khmer Rouge.

The local commander who derailed the train is Ta Yim, who ran this region for the Khmer Rouge government of 1975 to '79.

Then the Vietnamese invaded, ending the strange and radical transformation of Cambodian life that cost the lives of more than a million people from starvation, massacres and disease.

"The Khmer Rouge say we are Vietnamese," Mr. Toch Yoeun said. "Really, we're not even Communist."

Asked for the party's ideology, he shrugged, pointing to the busy market of this provincial capital on the wide Tonle Sap River, where the war seems very far away.

Goods from Thailand and Singapore fill the markets. Sentimental Thai and Cambodian films are shown in theaters and video cafés, the power provided by small generators. Even the province capital has no central electricity.

"We need peace and development," Mr. Toch Yoeun said. "We hate the war. We don't like sleeping in the rice fields and the forests and fighting our brother enemy. If any country could stop the war, we would call them the father of Cambodia."

But since June, the war in the countryside has intensified again.

There was a similar, smaller surge in April. Late in March, Khmer Rouge forces reinfiltrated the province after failing to take Battambang or Sisophon.

The upsurge now, the Khmer Rouge themselves say, is a result of the Western attempt to isolate them in negotiations that are scheduled in Tokyo in early June.

Washington's recent decision to withdraw diplomatic support for the opposition coalition, dominated by the Khmer Rouge, is also thought to have affected the war.

"Pol Pot wants to prove his strength," Mr. Toch Yoeun said.

"Now they combine forces in each place," he added, "sometimes 600 to 800 fighters."

These units attack remote district towns or "soft" targets, especially in the southwest of the province, where it becomes mountainous and borders Kompong Speu and Pouthisat.

The Khmer Rouge are in strength in the mountains, where they retreat if pursued, and where they are protected by intricately laid mine fields.

This is frustrating for government forces, which tend to stop at provincial boundaries.

"When we make an operation against them," Mr. Toch Yoeun said, "the Khmer Rouge flee to Kompong Speu. When we join together with Kompong Speu, they go to Pouthisat. When we cross the Tonle Sap to pursue them, they go to Kompong Cham."

In April, the Khmer Rouge attacked Samaki Mcanchey, near the border of Kompong Speu and Kandal provinces, just north of the Oral Mountains, and the same district in which they hit the train.

They took the district for three days, and 2,800 families, totaling about 14,000 people, were evacuated in mid-April.

The government counterattacked with rockets and artillery, and by the end of April the people returned to try to rebuild.

In June, the Khmer Rouge attacked three villages and the district town in Tokphos, also near the Oral Mountains, and the government moved 6,100 people to a new area 10 kilometers (6 miles) away, officials and relief workers said. The district military headquarters was also moved.

Michel Clement/Agence France-Presse

SEEKING REFUGE — An Albanian woman and children on Thursday outside the Madeleine Church in Paris, where they spent the night among about 50 refugees who are refusing to leave the area around the U.S. Embassy in an attempt to obtain visas.

Shuffle Imperils East German Coalition

Reuters

BERLIN — East Germany's fragile governing coalition was near collapse on Thursday, less than two months from the target date for German unification.

Wolfgang Thierse, head of the Social Democrats, said the party's alliance with Prime Minister Lothar de Maizière's Christian Democratic Union was finished following a cabinet shake-up on Wednesday in which the prime minister fired the Social Democratic finance and agriculture ministers.

Mr. Thierse said he expected the party's parliamentary faction to vote for a break from the coalition when it meets Tuesday.

"We don't have a coalition any more," Mr. Thierse said. "It has been destroyed by repeated acts of subterfuge on the part of de Maizière."

He mentioned Mr. de Maizière's plan, later dropped after constitutional objections, to advance elections by two months — putting them in advance of unification — to boost chances for victory among Christian Democrats.

He said the cabinet purge was intended to divert blame for East Germany's economic nosedive since the two Germanys merged their economies on July 1. The terms of the merger were primarily drafted by the dominant Christian Democrats in both countries.

"The entire government has to carry responsibility for these problems," Mr. Thierse said. "Firing ministers is just a diversionary tactic to cover up the mistakes of de Maizière and Kohl." He was referring to Helmut Kohl, the West German chancellor.

Mr. de Maizière's coalition has gyrated wildly between dissolution and reconciliation for weeks as the two parties have quarreled over blame for the country's economic emergency and measures to counter it.

Mr. de Maizière cited incompetence and disagreements over unification in sacking Finance Minister Walter Romberg and Agriculture Minister Peter Pollack. He also accepted resignations from Economics Minister Gerhard Pohl and Justice Minister Kurt Wünsche.

Mr. Pohl had been heavily criticized for mismanagement and Mr. Wünsche for holding senior justice posts in East Germany's former hard-line Communist regime.

The prime minister rejected Mr. Thierse's charges. Mr. de Maizière said his decision was based "on the merits and will not only maintain the government's capacity to act but strengthen it."

He told the news agency ADN that Mr. Romberg had mishandled funds given to his ministry under the treaty on monetary union.

Mr. de Maizière appointed four state secretaries on Thursday to replace the departing ministers until East Germany is unified with West Germany, expected by mid-October. All-German elections are set for Dec. 2.

Meanwhile, an official of the East German Christian Democratic Union denied allegations that he was a paid informer for the former Communist security police, or Stasi.

Martin Kirchner was suspended as the party's general secretary on Wednesday pending an investigation into the allegations, which were based on interviews with former Stasi officers in the West German magazine Stern.

Mr. Kirchner told the party newspaper Neue Zeit, "In my position one could not avoid contacts with the state security service. But I never worked with them."

Gorbachev May Cut Vacation for Talks

Compiled by Our Staff From Dispatches

MOSCOW — President Mikhail S. Gorbachev will interrupt his summer vacation for talks on restructuring the Soviet economy, Tass said Thursday, quoting Boris N. Yeltsin, president of the Russian republic.

Mr. Yeltsin said the Soviet leader would return to the capital in a few days "to take a direct part in the drafting of a concept for transfer to a market economy," Tass reported.

There was some uncertainty about the report, however. Both Mr. Gorbachev's press office and Yuri Gremitskikh, a Foreign Ministry spokesman, said they knew nothing about any early return to Moscow by Mr. Gorbachev.

"As far as negotiations are concerned, there is a group of experts working now," Mr. Gremitskikh said. "It is not finished yet, so there is no particular reason for a meeting between Gorbachev and Yeltsin in the near future. I don't see any necessity for this."

Mr. Yeltsin cut short a tour of Russia on Wednesday, saying there was "turmoil" in the experts' talks.

Mr. Gorbachev and Mr. Yeltsin agreed earlier this month to draft a joint program for a market economy, based on the "500 Days" formula developed by economists in the Russian republic.

The two leaders appointed a 12-member working group, including Mr. Gorbachev's top economic adviser, Nikolai Y. Petrakov, who is a strong proponent of market changes; Deputy Prime Minister Leonid A. Abalkin; Stanislav S. Shatalin, a member of the Presidential Council; and officials of the Russian republic.

Mr. Yeltsin met Thursday with the working group and told reporters it was having trouble getting information from the Soviet Finance and Defense Ministries and could not even obtain a copy of the current Soviet budget.

He blamed the obstacles on "either a lack of desire or sabotage," the news service Interfax reported.

Mr. Yeltsin said the joint economic program was scheduled to be implemented Oct. 1, and in its initial phase would be designed to stabilize the economy.

By Jan. 1, steps will have been taken to correct problems in money circulation and strengthen the ruble, a noncovertible currency, and to halt the drop in its buying power, he said.

Mr. Yeltsin said the Russian federation — by far the largest of the 15 republics in the Soviet Union — would implement the program earlier than the central government if agreement could not be reached on the final, joint draft.

■ Russia-Lithuania Pact

Lithuania and the Russian Republic have signed an agreement on economic cooperation and trade exchanges for 1991, while preparing for future talks on political relations, Agence France-Presse quoted Tass as reporting Thursday.

The agreement was signed in Vilnius, the Lithuanian capital, by the Russian prime minister, Ivan Silayev, and his Lithuanian counterpart, Kazimiera Prunskiene.

According to a joint communiqué, both governments agreed that future economic ties should be based on mutually advantageous relations and would not imply that either republic belonged to a union or group of states, Tass said.

Moscow Restores Solzhenitsyn's Citizenship

By David Remnick
Washington Post Service

MOSCOW — The Soviet Union has restored citizenship to Alexander I. Solzhenitsyn and 22 other dissident artists and human rights activists who were exiled during the Brezhnev era.

Mr. Solzhenitsyn, the author of "The Gulag Archipelago" and "One Day in the Life of Ivan Denisovich," lives near the town of Cavendish, Vermont, but has always said that he expects to return one day to the Soviet Union.

The Solzhenitsyn family said that despite the decree by President Mikhail S. Gorbachev restoring the writer's citizenship, they want the Soviet government to repeal the charges of treason lodged against Mr. Solzhenitsyn before KGB agents forced him onto a plane for West Germany in 1974.

"What was legally declared must be taken back," said the novelist's wife, Natalia, in a telephone interview.

While in Vermont, Mr. Solzhenitsyn has schooled his three sons in Russian culture with full confidence that the family would return. He once told an interviewer, "You know I feel so optimistic that it seems to me that it is only a matter of a few years before I return to Russia."

Gennadi Cheremnikh, chairman of the Supreme Soviet's committee on citizenship and pardons, said he could not say if Mr. Solzhenitsyn would return.

"I haven't talked with him," he said. "I only know this is being discussed at a sufficiently high level. As a Russian person I would be very glad if Alexander Isayevich returns to Russia."

The government newspaper Izvestia and the news agency Tass reported Thursday that among the others who have had their citizenship restored are Viktor Korchnoi, a chess grandmaster; Vladimir Voinovich, a novelist; Lev Kopelov, a German literature scholar and historian; Giorgi Vladimov, a novelist; Vassili Aksyonov, a novelist; Valeri Chalidze, a human rights worker; Yuri F. Orlov, a physicist, and Oskar Rabin, a painter.

The decision is part of Mr. Gorbachev's professed goal to eliminate the "blank spots" from Soviet history and to make a clean break with the repressive policies of the past.

In previous interviews, nearly all the prominent exiles have said they would not return to live in the Soviet Union permanently, but would use their restored citizenships to travel more easily to and from the country.

Mr. Korchnoi, for example, said that he was "delighted" with the news but that he would not return to live. Mr. Chalidze said he thought the decree marked a "house cleaning" but that he was satisfied for now to remain an American citizen.

The publication of the list of restored citizenships came just after Tass announced that some of the most conservative members of the leadership, including Mr. Gorbachev's conservative rival in the Politburo, Yegor K. Ligachev, had retired on pension. Mr. Ligachev left the Politburo after the 28th Communist Party Congress.

Michel Swiss
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Suharto Rules Out Political Changes

Compiled by Our Staff From Dispatches

JAKARTA — President Suharto, under pressure to introduce more democracy to Indonesia, acknowledged Thursday that the country needed to be more open and must promote human rights.

But he ruled out changing the Indonesian political system or returning to the liberal democracy of the 1950s. He promised more tolerance toward differences of opinion.

"We must actually view differences of opinion as the dynamic mover of life itself," he told parliament in a speech to mark the 45th anniversary of Indonesian independence, which is on Friday. "If we are now still worried about the diversity of opinions, this does not only mean we have doubts about the strength of Pancasila, but it can also hamper the growth of Pancasila itself."

The government has limited the number of political parties to three since 1972 and has required that they pledge allegiance to Pancasila, the state ideology stipulating belief in one God, humanitarianism, national unity, democracy through consensus and social justice.

A group of prominent Indonesians called on Mr. Suharto this week to allow greater democracy for the nation of 175 million people, the world's fifth most populous country, and to step down from power when his term ends in 1993.

The dissident leaders, some of whom served under Mr. Suharto in the early years of his rule, called for an end to emergency measures and for political restructuring, including direct parliamentary elections and a limit of two terms, or 10 years in office, for a president.

Indonesia's leading human rights group added its support, saying that democracy as written in the constitution was not reflected in real life and that political rights were restricted.

"Rules aimed at restricting the people's political rights have been imposed to strengthen the current political status quo," said Abdul Hakim Garuda Nusantara, the chairman of the Legal Aid Foundation.

Mr. Suharto, 68, rose to power in 1967 after leading an army mobilization to quash a Communist coup attempt. He has been elected unopposed five times.

Mr. Suharto was vague about his intentions after his five-year term ends in 1993, a subject of heavy speculation since the publication of his biography last year, in which he hinted that he would be too old to seek another term.

He said the generation of freedom fighters of 1945 to which he belonged was near completion of its task in leading the country. The next generation of leaders will play a greater role in the coming years, he said, but he emphasized that a transfer of power "must be planned in a responsible way."

Mr. Suharto said there was already greater tolerance and unity in Indonesia.

"Our common task in the years to come is to preserve this dynamic national stability by developing further the people's initiative, creativity and participation in development," he said. "Parallel to this, we must promote human rights."

He said the parliamentary or liberal democracy adopted in the 1950s had had disappointing results as governments toppled in quick succession. *(Reuters, AFP)*

RIOTS: *More South Africa Strife*

(Continued from page 1)

burg draw on a wide range of rivalries, both tribal and political, but they center on what many call an attempt by Chief Buthelezi's followers to broaden a political following in areas traditionally loyal to the African National Congress.

The fighting has broadened into a virtual civil war in Natal Province, Inkhatha's traditional stronghold.

A police spokesman, Colonel Frans Malherbe, denied the widespread assertions of police partiality in favor of Inkhatha.

Over the years, the congress and its ally, the South African Communist Party, have been cast in official propaganda as public enemies while Inkhatha is perceived by many whites as more moderate.

In Pretoria, Mr. de Klerk and Mr. Mandela met to discuss what the president's office called "various aspects of the present state of unrest and violence in certain areas, as well as steps to curb it."

The fighting represents a political challenge for both Mr. de Klerk and Mr. Mandela as they head for negotiations on the country's future.

Koos van der Merwe, a rightist member of the opposition Conservative Party, told a radio interviewer that the violence showed Mr. de Klerk was wrong to move away from apartheid's traditional canons of racial and ethnic separation because it proved that people from divergent ethnicities could not exist together in peace.

From another perspective, youthful Mandela supporters in Tokhoza on the East Rand, where much of this week's fighting pitted migrant workers and squatters, said they believed a meeting between Mr. Mandela and Chief Buthelezi could ease tensions.

El Salvador Investigation Is Assailed

Washington Post Service

WASHINGTON — The leadership of the Salvadoran armed forces "is engaged in a conspiracy to obstruct justice" in the killings last year of six Jesuit priests, according to a House Democrat.

Representative John J. Moakley, Democrat of Massachusetts, who is chairman of the House Rules Committee and head of a special task force on El Salvador, made the accusations Wednesday.

Salvadoran military officers, Mr. Moakley said, have "withheld evidence, destroyed evidence, falsified evidence and repeatedly perjured themselves in testimony."

It was the first time a leading House member had accused senior military leaders of deliberately blocking the investigation into the Nov. 16 killings of the six Jesuits and two women at the University of Central America in El Salvador.

The special task force's views are expected to be important in determining the amount of military aid going to El Salvador.

A House-passed bill would provide $85 million in aid in fiscal 1991 but would hold half of it back, to be awarded only if leftist rebels declined to participate in a cease-fire or peace negotiations.

All the aid would be terminated if the Salvadoran government ended talks or failed to conduct a "serious and professional" investigation of the murders.

The Senate is expected to consider the House proposal next month.

The administration has agreed to place conditions on the aid in order to pressure the government to negotiate with the rebels, but it argues that 50 percent is too large a reduction. Administration officials said Mr. Bush would veto the bill if it contained the House-passed language.

WORLD BRIEFS

IRA Suspects Go on Trial in Germany

DUSSELDORF (Reuters) — Two suspected Irish Republican Army guerrillas went on trial here Thursday in the first case involving the organization in West Germany.

Terence G. McGeough and Gerard T. Hanratty, both 31, face charges of attempted murder in the bombing of British bases in Mönchengladbach and Duisburg. Thirty-five people were injured at Mönchengladbach in 1987 and 10 British soldiers were hurt at Duisburg in 1988.

Entrance to the court was secured by a maze of turnstiles. Police armed with automatic weapons walked outside, where about 30 West German IRA sympathizers played Irish music and unfurled banners.

New Study Assails Alzheimer's Drug

DENVER (AP) — The only medication approved for treating Alzheimer's disease is useless and may actually make the disease worse, according to research made public Thursday.

Researchers found that patients who took Hydergine deteriorated faster than those who got a placebo. The study, conducted on 80 older adults at the University of Colorado medical school, was described as the most extensive U.S. attempt to evaluate the drug's effects. The findings were published in the New England Journal of Medicine.

Hydergine is the only drug approved by the Food and Drug Administration for treatment of Alzheimer's, an incurable brain disease that slowly robs its victims of the ability to function. The drug supposedly reduces memory loss and other symptoms of dementia. The study, begun in 1985, was paid for by Sandoz Pharmaceuticals Corp. of East Hanover, New Jersey, which has manufactured and marketed Hydergine worldwide for more than 20 years.

Sweden Bars Extradition of Hijacker

STOCKHOLM (AFP) — The Swedish Supreme Court, citing humanitarian reasons, on Thursday barred the extradition of a Soviet youth who hijacked an airliner in an attempt to emigrate to the West and then tried to commit suicide.

The court said Mikhail Mokretsov, 19, would not be able to stand conditions in a Soviet prison, according to a psychiatrist, and should be tried in Sweden. The teenager, who tried to kill himself after Sweden decided to expel another young Soviet hijacker, ended a two-week hunger strike on Wednesday.

On July 5, he hijacked an Aeroflot airliner to Stockholm's airport. He told Swedish authorities that Soviet officials had turned down his requests to emigrate four times and that he faced induction into the Red Army.

Rebels Hail Maputo Shift on Parties

LISBON (Reuters) — Mozambican rebels on Thursday welcomed plans from the country's governing Mozambique Liberation Front, or Frelimo, to adopt a multiparty system but said they wanted to be consulted on all changes in the political system.

"It is a positive and useful opening," said Manuel Frank, the Lisbon representative of the Mozambican National Resistance Movement, called Renamo. "But the matter should be discussed in peace negotiations between Frelimo and Renamo and not decided unilaterally." He said Renamo was awaiting details of Frelimo's proposals and wanted guarantees of a real political opening.

Frelimo's central committee on Wednesday formally endorsed the adoption of a multiparty system and market economy. It proposed the opening of general elections to other parties next year.

Noriega Cohort Sentenced in Florida

TAMPA, Florida (AP) — A Panamanian jeweler charged with Manuel Antonio Noriega in a marijuana-trafficking scheme was sentenced Thursday to up to 10 years in prison.

Enrique A. Pretelt admitted last month that he had conspired with Mr. Noriega, the former Panamanian leader, to take bribes from Tampa-based drug smugglers to help ferry $300 million worth of Colombian marijuana through Panama and hide the profits.

U.S. District Judge William Castagna set a special status on Mr. Pretelt's term that allows parole at any time. A federal prosecutor from Miami told Judge Castagna that Mr. Pretelt had been cooperating in the drug-racketeering case against Mr. Noriega, who is under a separate indictment, and is expected to be a substantial witness at the trial next year.

Haiti Council Censures Government

PORT-AU-PRINCE, Haiti (Reuters) — The Council of State, a advisory body set up in March when the interim government was formed, has censured the policies of President Ertha Pascal-Trouillot.

"Given that the executive has not respected any of the promises made to the nation last March 13, it can no longer regain the trust of the people and has become an obstacle to the holding of real elections," the council said Wednesday. It also accused the president of financial incompetence, corruption, nepotism and the absence of measures to curb violence.

The council was designed to act as an advisory body to the interim government until formal elections could be held after the resignation in March of Lieutenant General Prosper Avril. So far, the government has ignored the council and its theoretical right to veto government measures.

Albania Plans to Sign Nuclear Treaty

VIENNA (Reuters) — Albania, Europe's last orthodox Communist state, said Thursday that it was joining the Nuclear Nonproliferation Treaty banning the spread of nuclear weapons.

The announcement, carried by the news agency ATA and monitored in Vienna, was the latest step in Albania's emergence from decades of international isolation. Albania will be the 141st state to sign the treaty, which is designed to ensure that nuclear material is not diverted from peaceful uses and obliges signatories to open nuclear installations to inspection.

The Vienna-based International Atomic Energy Agency, which monitors compliance with the treaty, said last month that Albania, Europe's poorest state, was to build its first nuclear research reactor with United Nations development funds.

TRAVEL UPDATE

Namibia plans to open tourism offices in Germany and Japan shortly, according to Hanno Rumpf, permanent secretary for wildlife, conservation and tourism. *(AFP)*

Portugal ordered striking air communications technicians back to work on Thursday, saying they had endangered security since they stopped work on Aug. 6 by failing to provide required minimum services. The unions, which are seeking more pay, said they would obey the government order. *(Reuters)*

Yosemite National Park in California, damaged by three fires that have raged over 22,680 acres (9,000 hectares) in the past week, will reopen this weekend for the last two weeks of the summer season, park officials announced Thursday. *(UPI)*

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	20	68	16	61	cl
Athens	33	91	22	72	fr
Barcelona	27	81	22	72	fr
Belgrade	32	90	23	73	fr
Berlin	23	73	18	64	fr
Brussels	27	81	18	64	fr
Budapest	31	88	17	63	fr
Copenhagen	23	73	16	61	fr
Costa Del Sol	29	84	19	66	fr
Dublin	19	66	16	61	r
Edinburgh	20	68	12	54	r
Faro	16	61	9	48	cl
Florence	29	84	17	63	fr
Frankfurt	30	86	17	63	fr
Geneva	22	72	19	66	fr
Helsinki	24	75	14	57	fr
Las Palmas	25	77	11	52	fr
Lisbon	28	82	22	72	fr
London	27	81	20	68	sh
Luxembourg	28	82	12	54	fr
Madrid	28	84	15	59	sh
Milan	30	86	17	63	fr
Moscow	28	82	18	64	fr
Munich	22	72	14	57	fr
Nice	27	81	19	66	fr
Oslo	23	73	13	55	fr
Paris	19	66	12	54	r
Prague	22	72	17	63	fr
Reykjavik	28	82	14	57	fr
Rome	13	55	8	46	cl
Stockholm	27	81	19	66	fr
Strasbourg	24	75	14	61	c
Venice	21	70	19	66	sh
Vienna	27	81	18	64	fr
Warsaw	31	88	15	59	fr
Zurich	25	77	15	59	fr
MIDDLE EAST					
Ankara	33	91	12	54	fr
Cairo	33	91	23	73	fr
Istanbul	28	82	21	70	cl
Jerusalem	30	86	17	63	fr
Tel Aviv	32	90	21	70	fr
OCEANIA					
Auckland	—	—	—	—	na
Sydney	—	—	—	—	na

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	35	95	25	77	ts
Beijing	30	86	22	72	s
Hong Kong	33	91	25	77	s
Manila	30	86	25	77	s
New Delhi	31	88	24	75	s
Seoul	28	82	20	68	r
Shanghai	33	91	23	73	s
Singapore	31	88	22	72	t
Taipei	34	93	28	82	t
Tokyo	35	95	27	81	t
AFRICA					
Algiers	32	90	23	73	fr
Cape Town	14	57	11	52	fr
Casablanca	26	79	20	68	fr
Harare	25	77	7	45	fr
Lagos	28	82	23	73	c
Nairobi	22	72	14	57	fr
Tunis	33	95	24	75	cl
LATIN AMERICA					
Buenos Aires	18	64	10	50	fr
Lima	18	64	15	59	c
Mexico City	25	77	14	57	fr
Rio de Janeiro	29	84	21	70	c
NORTH AMERICA					
Anchorage	20	68	11	52	cl
Atlanta	33	91	22	72	fr
Boston	28	82	19	66	fr
Chicago	29	84	21	70	fr
Denver	30	86	14	57	fr
Detroit	28	82	18	64	fr
Honolulu	30	86	23	73	fr
Houston	34	93	24	75	fr
Los Angeles	26	79	19	66	fr
Miami	33	91	25	77	fr
Minneapolis	34	77	25	77	fr
Montreal	27	81	15	59	fr
Nassau	32	90	24	75	fr
New York	30	86	21	70	fr
Phoenix	42	108	29	84	fr
San Francisco	25	77	14	57	fr
Seattle	22	72	14	57	fr
Toronto	27	81	16	61	fr
Washington	31	88	22	72	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Showers. Temp. 22—12 (72—54). LONDON: Showers. Temp. 20—13 (68—55). MADRID: Fair. Temp. 34—17 (93—63). NEW YORK: Partly cloudy. Temp. 30—21 (86—70). PARIS: Showers. Temp. 21—13 (70—55). ROME: Fair. Temp. 30—20 (86—68). TEL AVIV: Hot. Temp. 34—21 (93—70). ZURICH: Showers. Temp. 23—12 (73—54). BANGKOK: Showers. Temp. 33—27 (91—81). MANILA: Cloudy. Temp. 31—24 (88—75). HONG KONG: Showers. Temp. 33—27 (91—81). MANILA: Cloudy. Temp. 31—24 (88—75). HONG KONG: Temp. 28—22 (82—72). SINGAPORE: Fair. Temps. 29—25 (84—77). TOKYO: Cloudy. Temps. 33—26 (91—79).

100 Fidos (and Owners) Panting for Meaty Role in Broadway's 'Nick and Nora'

By Mervyn Rothstein
New York Times Service

NEW YORK — They trotted up to Roseland — wirehaired terriers, Yorkshire terriers and *mutts*, more than 100 strong — all competing for that once-in-a-lifetime opportunity, a chance to make a Broadway bowwow.

On leashes, off leashes, they waited outside the dance hall on West 52d Street to audition for the role of Asta in the Broadway musical "Nick and Nora."

The show is based on the characters of Nick and Nora Charles, created by Dashiell Hammett in "The Thin Man." And as devotees of the William Powell and Myrna Loy "Thin Man" mystery movies of the 1930s and '40s remember, Nick and Nora's Asta was a wirehair.

But the show's producers decided not to limit the search.

"When people called and said they had a Pomeranian or a dachshund, we said we were looking for a terrier and we discouraged nonterriers," said Charles A. Suisman, a producer. "But we added that if they felt their dog had the stuff to be a Broadway star, they should bring him. You never know when you will see a dog of star quality."

The sense of competition was apparent, even before the doors officially opened Tuesday morning shortly after 10. Nancy Dolling of Queens, who arrived at 8:30 and was first in line, eagerly touted the qualities of her 8-year-old wirehair, Higgins.

"He's good-looking, and he's got a good personality, and he's big enough for everybody to see," she said, and pointed to the second dog in line, a 2-year-old wirehair named Coco. "He's a little larger than that female over there."

But Coco's owner, Ethel Albujar of Queens, was not concerned. "You love your dog so much, you think, 'How can any other dog get the part?' " she said. "I think she should be easy to train. My husband disagrees with everything I do, but this he agrees with."

Danna Lyons of Hoboken, New Jersey, brought Budder, a year-old mutt. "I think she has some English hill terrier in her," she said. "We're clinging to that."

James Pentecost, another producer, said Asta was a major element of the musical, which is to begin performances on Broadway on Jan. 28 after a tryout in Baltimore.

The show stars Barry Bostwick and Joanna Gleason. Arthur Laurents wrote the book and is to direct; Charles Strouse did the score, and Richard Maltby Jr. wrote the lyrics.

"Asta has his moments in the sun," Mr. Pentecost said. "The dog provides an important clue to the case."

For the lucky dog there will be a shot at Broadway fame and Broadway riches; Mr. Pentecost said that Asta would probably receive $300 to $500 a week.

Certainly money was on the minds of some owners. Felicia Choi of Westport, Connecticut, brought a mutt — "with a lot of terrier" — named Peepers. Said the owner, "I'd like him to put my son through college."

The dogs were led into Roseland and onto the dance floor five at a time, with the logistics coordinated by the show's producers via walkie-talkie.

The animals' fate was in the hands of Warren Eckstein, the host of "The Pet Show" on WOR radio. His books include "Pet Aerobics," "How to Get Your Cat to Do What You Want" and the soon-to-be published "How to Get Your Dog to Do What You Want."

Mr. Eckstein, who will be training the winner, said he would probably choose a terrier or a terrier mix.

"It could be a generic terrier as well," he said. "It doesn't have to be a wirehair as long as it has that Asta look.

"It has to be a dog that has stage presence. I know that sounds a little eccentric to the average person, but some dogs pop out and say: 'Here I am! Look at me!'

Mr. Eckstein mentioned that while the dogs were tested a pianist would play music from the show. "If the dogs don't like the music," he warned the owners, "they don't stand a shot."

Mr. Eckstein had said before the audition that he would be concentrating on the owners as well as the pets.

"By talking with the owners you can find out a lot about the animals," he said. "A dog takes on the personality of its owners. If you have a depressed person, you have a depressed dog. If you have an anxious person, you have an anxious dog."

Five finalists were chosen, and Mr. Eckstein said the names of the winner — and the understudy — would be announced within a week.

The candidates are Asta, of Ridgewood, New Jersey; Ginger, of Long Island, and Mr. Smith, Hector and Max, all of Manhattan.

"I'm looking for that special smile," said Mr. Eckstein. "I want the dog to use his personality in combination with training to make conscious decisions onstage, so that they're not just part of the scenery but part of the show. The dog has to react to the actors. Every performance is a little different, and I want the dog to realize that."

Wade Byars/Agence France-Presse

FREE ON BOND — Marlon Brando greeting his son Christian, center, who was released from jail in Los Angeles after his father posted bail of $2 million. Christian Brando is accused of killing his half-sister's lover, Dag Drollet. At right is his brother, Miko.

Those Who'd Rather Fight Than Switch

In Los Angeles, Restaurateurs Take Aim at a Proposed Eatery Smoking Ban

By Robert Reinhold
New York Times Service

LOS ANGELES — Just three hours after two city council committees voted to ban smoking in all restaurants in Los Angeles, Michael Taix was back at Les Frères Taix, his 53-year-old family-run French restaurant on Sunset Boulevard, bemoaning the turn of events.

"Smokers spend more money," said Mr. Taix, a nonsmoker. "They have less respect for their bodies. They drink more; they eat desserts. I am told the most natural time to smoke is after a meal and after sex. Can you imagine legislation like this being passed in France?"

This is a city of 8,600 restaurants, a city where eating out is a ritual, an art form, an act of personal expression.

If the council passes such an ordinance, Los Angeles will become the only major city in the country to ban smoking in eating places.

The restaurant industry here is mobilizing, saying that a ban would drive its customers off, to Burbank or another suburb that is only minutes away on the freeway.

The main force behind the motion is Councilman Marvin Braude, a former smoker. The proposal is crucial to protect nonsmokers from the "serious jeopardy" of secondhand smoke, he says.

Restaurants are his special target, he adds, because eating out is almost a necessity now.

"It's no longer a casual option," he said Tuesday. "When people go to a restaurant, they want to enjoy it, not be threatened. It is not only direct health concerns; it is a question of how we are going to raise the new generation."

The proposal, passed by the council committees Monday, comes up for a vote of the full council in four or five weeks. If it passes, Los Angeles will join three small cities — San Luis Obispo and Lodi in California, and Aspen, Colorado — although several others are considering such a ban.

New York City and Los Angeles already require all but very small establishments to set aside at least half their space for nonsmokers.

In 1987, the City of Beverly Hills passed a ban, but it was repealed less than a year later after intense pressure from restaurateurs, who said they had suffered heavy losses.

"Restaurants mostly make money on parties of more than two," said Rudy Cole, former executive director of the Beverly Hills Restaurant Association. "When one person smoked, that determined where the whole party would go. They went to nearby restaurants in L.A."

Now Mr. Cole is executive vice president of a new group, Restaurants for a Sensible Voluntary Policy, or RSVP, which claims more than 200 Los Angeles restaurateurs as members.

It has had support, for mailings, from the Tobacco Institute, and it uses the same public-relations company, Ogilvy & Mather.

In testimony before the city council, Mr. Cole said "social engineering" was not needed. "If there is one industry committed to accommodating clients," he said, "it's the restaurant business.

"If customers really wanted an end to smoking in restaurants, you wouldn't need an ordinance. The restaurants would rush to stop smoking."

There were mixed views among customers this week at Les Frères Taix, a dark, traditional restaurant that offers hearty French country fare as a kind of antidote to the relentlessly trendy nouvelle eateries elsewhere in Los Angeles that serve less for more.

Louis M. Signer, a lawyer, looked up from his buttoned Leatherette booth to suggest that the smoking section be moved out to the parking lot. "It's unhealthy and offensive," said Mr. Signer, who added that he used to be a heavy smoker.

In the next room, Dr. Michael J. Singelyn, an orthopedic surgeon, had just finished his filet mignon with béarnaise sance, washed down with a 1982 L'Enfant Jésus burgundy, and was lighting up a Don Diego cigar.

"People are making grossly unreasonable attacks on smokers," the physician said. "The secondary-smoke argument is specious." He added that he would go to restaurants outside the city if a ban was passed.

Balancing such competing demands is a bane for Mr. Taix and other restaurateurs. He said his restaurant had gone to great expense to build separate rooms, with separate ventilation, for smokers.

He argued that customers, not the law, should dictate policy. "I can go back to that restaurant or not," he said. "It should be my prerogative."

The industry argues that a ban would be particularly problematic in Los Angeles, with its high percentage of Latin American and Asian immigrants and tourists. These groups tend to smoke more heavily than Americans, particularly at meals.

Mr. Braude, who represents the affluent West Side, was unimpressed. He said he was optimistic that a ban would get the needed votes, but thought it would be "nip and tuck."

Florida Politics: Referendum on Prozac

By Laura Parker
Washington Post Service

MIAMI — Lawton M. Chiles Jr., the runaway favorite in the Florida governor's race five months ago, has been thrown on the defensive and is now battling to hold a dwindling lead going into next month's Democratic primary.

The former U.S. senator, who had hoped to make the campaign a national referendum on clean politics, allowed an attack on his ethics to go unanswered long enough for his primary opponent, Representative Bill Nelson, Democrat of Florida, to plant seeds of doubt about personal finances.

Mr. Chiles, 60, remained on the defensive after revealing that he has resumed taking Prozac, an antidepressant he used last winter.

He took the widely prescribed drug last winter, but in April, shortly after entering the race, he announced that his depression was cured and that he had stopped.

After an initial round of stories about the effects of depression, the headlines about Mr. Chiles and Prozac receded.

With his revelation last week, Prozac was back onto the front pages and in the television news with hurricane force.

Both Mr. Nelson and Governor Bob Martinez, a Republican, demanded that Mr. Chiles release his medical records, which he refuses to do.

Mr. Nelson's running mate, Tom Gustafson, the speaker of Florida's House of Representatives, offered a politically devastating observation to the editorial board of the Fort Lauderdale Sun-Sentinel: "I don't want to have a suicide" during a term of office or during the election.

Mr. Chiles found himself fielding questions everywhere about his campaign flubs, his personal finances and his health.

As Mr. Chiles traveled the state last week, he was lacking the symbols of his "people's campaign" — the brightly colored plaid shirt and walking boots. Gone also was the euphoric mood of springtime. Instead, he wore a dark, pinstripe suit and had a pained look.

In Miami, after touring a prison, he stepped out into the blazing sun to face a bank of television cameras there to record not his views of prison overcrowding but his explanation about his resumption of taking Prozac.

Mr. Nelson's attack on his opponent's personal finances produced more smoke than fire, but it put Mr. Chiles on the defensive.

Over four weeks, Mr. Nelson hammered away at several complicated business transactions, calling them sweetheart deals, and he charged that Mr. Chiles had failed to fully disclose them when he was in the U.S. Senate.

Mr. Chiles was caught off guard by the attack and at times was unable to respond in detail.

At first, Mr. Chiles conceded he may have inadvertently failed to report everything while in the Senate, but he maintained that he made little or no money on the deals in question.

Days later, after his campaign staff researched Senate disclosure rules, Mr. Chiles added that he was not even required to report the transactions in question.

He also pointed out that a Nelson television advertisement, which suggested that Mr. Chiles had made no payments on a loan he received for 11 years, was in error. He produced the checks showing payments were made, but the ad stayed on the air.

■ Prozac Lawsuits Mount

Former users of Prozac are filing multimillion-dollar lawsuits against the manufacturer as reports mount that the nation's most widely prescribed anti-depressant drug may spark violent or suicidal behavior in a small number of patients, The New York Times reported.

In the last three weeks, six suits have been lodged against Eli Lilly & Co., which manufactures Prozac. Lawyers working on the cases say that they and other lawyers are planning to file dozens of suits in the next few weeks.

The suits contend that Eli Lilly was negligent in not warning doctors strongly and clearly enough that the anti-depressant may sometimes set off aggressive, violent or suicidal behavior.

The lawyers maintain that while their clients were taking Prozac, they became far more hostile, despairing and uncontrollable than they had ever been before, committing extreme acts of self-mutilation, attempting suicide and endangering their families.

Spokesmen for Eli Lilly, while refusing to discuss details of any case under litigation, insist that Prozac was well tested before being marketed, and that it is remarkably safe.

"Certainly our product was adequately tested," said Edward West, director of corporate communications. "Laboratory testing began in 1976. More than 11,000 people participated in clinical trials."

Rain Forests Shrinking At Faster Rate, UN Says

United Press International

NAIROBI — The world's tropical forests are vanishing at a rate twice as fast as was estimated 10 years ago, the United Nations Food and Agriculture Organization said Thursday.

The first estimates from the agency's 1990 *Forest Resources Assessment* showed that the annual rate of deforestation had risen sharply, to 66,000 square miles (170,000 square kilometers) from 37,000 square miles in 1980.

Ecologists say that the loss of rain forests could damage the balance of oxygen and carbon dioxide in the Earth's air and contribute to the so-called greenhouse effect, the heating of the atmosphere and oceans with potentially disastrous results. Rain forests take hundreds of years to grow.

The agency's director-general, Edouard Saoma, who was in Nairobi for a UN environmental conference, said, "While forests in tropical countries were assumed to be disappearing at a rate of 0.6 percent in 1980, probably underestimating real losses, the present rate has doubled to 1.2 percent."

Food Allergy Testing Fails a Test, Ceding to the Power of Suggestion

By Susan Okie
Washington Post Service

WASHINGTON — The increasingly common "food allergies" or "food sensitivities" diagnosed by practitioners of a new medical specialty called "clinical ecology" appear overwhelmingly to be the result of the power of suggestion, according to a report published Thursday.

In recent years, "environmental illness," purportedly caused by allergies to foods or synthetic chemicals, has become a popular explanation for a host of vague and difficult-to-treat problems, including headache, insomnia, palpitations, stuffy nose, depression, fatigue, intestinal gas, anger, learning disability, hyperactivity, bed-wetting and memory loss.

Doctors calling themselves clinical ecologists or environmental medicine specialists frequently test for such allergies by injecting a small amount of a solution containing the suspected allergen under a patient's skin and waiting to see whether the injection brings on symptoms. If it does, many clinical ecologists then prescribe a treatment involving regular injections of a somewhat larger dose of the allergen, to "neutralize" the allergy.

The procedure differs from conventional allergy skin-testing, in which a doctor makes small scratches on the skin, applies potential allergens and looks for a characteristic skin reaction that signals sensitivity.

In the study, published in the New England Journal of Medicine, researchers at the University of California at San Francisco set out to test the validity of the clinical ecologists' method of diagnosing allergies, known as provocation-neutralization testing. They enrolled 18 patients who had been tested by clinical ecologists and who supposedly had symptoms that were triggered by substances such as chocolate, wheat, yeast, potatoes, beef and alcohol.

Don L. Jewett, an orthopedic surgeon at the University of California at San Francisco and principal author of the study, said he undertook the research because he had been successfully treated, for a time, by a clinical ecologist and believed that the testing procedure had merit. The study was paid for by the Academy of Otolaryngic Allergy and the American Academy of Environmental Medicine, two organizations for clinical ecologists that total about 2,500 members.

Dr. Jewett said that when clinical ecologists test patients, the patients generally are told in advance what each injection contains. In the study, by contrast, the patients were not told.

To eliminate the role of suggestion in provoking symptoms, each patient was given 12 injections in random order. Three contained the substance to which the patient was supposedly allergic, and nine were "control" injections containing an innocuous salt solution.

After each injection, the patient was asked to report any symptoms that developed over 10 minutes and then to guess whether the injection contained the allergen.

Patients were about as likely to guess that injections containing salt solution were "active" as they were to identify the allergen-containing injections. They correctly identified 27 percent of the "active" injections, and they mistakenly called 24 percent of the "control" injections "active."

Among seven patients who were given a "neutralizing" injection to relieve their symptoms, the symptoms were likely to disappear whether they had been provoked by an "active" injection or by one that contained salt solution.

Dr. Jewett said he was surprised by the findings. "I believed it was going to be positive," he said, adding that when he reported to the American Academy of Environmental Medicine, "they were mad at me."

"The first thing they said was, 'Who authorized this study?' " he said.

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A Time for Steadiness

A second diplomatic initiative has now come from Saddam Hussein, and it is a good deal more interesting than his first, which was merely to say that once the Middle East's other disputes were resolved, Iraq might consider evacuating Kuwait. Iraq, you will recall, went to war with a supposedly revolution-enfeebled Iran in 1980 primarily to take control of both banks of the Shatt-al-Arab waterway lying between them. Now Saddam Hussein offers to accept the old midstream border and meanwhile to start releasing the Iranian lands and prisoners he has been holding for negotiating leverage since the 1988 cease-fire. It is not quite clear what he expects in return, but that seems to be the gist of his message to Tehran.

A cynic might say that with Kuwait now annexed, Iraq doesn't need the Shatt; that abandoning a historic claim to a waterway clogged for 10 years is a mild price to pay for retaining a valuable new conquest and for bargaining Iran out of the anti-Iraq coalition. But this overlooks the political risks Saddam Hussein takes by suddenly abandoning, in only the second week of his Kuwaiti campaign, the supposedly sacred national cause for which he led Iraq to battle with immense losses in blood and treasure. It is hard to believe that even the most ruthless dictator can confidently seal himself off from the consequences of surrender of the goals and fruits of a decade's war.

In the United States, discussion is deepening on the issues of purpose and policy raised by the American response to Iraq's grab of Kuwait and its threat to Saudi Arabia. Although American opinion, like much of world opinion, appears generally supportive, the "What ifs?" are under intense and nervous canvass.

This is the American style, and it can serve American policy well. The discussion needs to keep in mind, however, that international and regional resistance to his aggression is giving Saddam Hussein some cares of his own. Is it accidental that he makes a lavish bid for Iran's favor just as his single sympathetic (and dependent) neighbor, Jordan, comes under a range of countering pressures and inducements from the United States and others?

This is a time for steadiness, not for premature relief. But if Iraq is a long and dangerous way from retreat, it is also a long way from victory.

— THE WASHINGTON POST.

Sensible Arms Policy

In the wake of Iraq's invasion of Kuwait, some siren voices are inviting the U.S. Congress to quit cutting the defense budget and restore money for threatened programs like the B-2 bomber and the Osprey transport plane. That is the way, they say, to maintain an indisputable military edge over Third World dictators. The briefest reflection shows this to be pernicious advice.

It is probably true that the B-2 bomber would be less vulnerable to Iraqi air defenses than the B-52s now available. And a plane like the tilt-rotor Osprey, a novel aircraft with many advantages over the helicopter, would also be nice to have. But these weapons were designed during the Reagan defense buildup to be used in the context of the Cold War. Their utility against countries like Iraq is marginal — and far outweighed by their enormous costs.

At least $37 billion could now be saved by canceling the B-2 program, and $24 billion by giving up the Osprey.

In confronting Saddam Hussein, the Pentagon does indeed find itself short of equipment — not glamorous weapons like B-2s or Ospreys but mundane items that it disdained to buy during the buildup years.

The navy always prefers to spend for warships rather than for mere transports to ferry the army around. Former Defense Secretary Caspar Weinberger let the services buy whatever they wanted — and now the navy finds it has so few fast transports that it can move only one division at a time to the Middle East.

Minesweepers are another type of humble craft that ranks far down on the navy's priority list, even though mines are a Soviet specialty and an obvious defense for Third World countries. When an Iraqi tanker was suspected of laying mines in the Gulf on Tuesday, the navy had three aircraft carriers in the region but no minesweepers.

If Iraq should attack American forces, the U.S. Air Force's most useful aircraft won't be its beloved B-2 but the A-10, a dedicated tank-busting plane but so slow, cheap and unglamorous that the air force has closed down its production line.

America's military capability against countries like Iraq depends on tactics, training and workhorse equipment. The stealth technologies in the B-2 and the valuable tilt-rotor technology of the Osprey warrant development. But the chief value of these gilded weapons now lies in the fortune that can be saved by not building them.

Those savings are all the more urgent given the other pressures on the federal budget. Pentagon spending needs to be reshaped, and the first step is to curb systems designed to meet the now shrinking threat from the Soviet Union. Congress and the services find all reductions painful, but the first retrenchments have been made.

Defense Secretary Dick Cheney made another on Monday in deciding to stretch out purchases of the Seawolf nuclear attack submarine and the Aegis cruiser. Since these decisions are based on the diminishing Soviet threat, the crisis in the Middle East is no reason for reversing them.

Congress should no more listen to the special interests urging a slower cut in the Pentagon's budget than Odysseus's men should have heeded the enchantress Circe, who turned them into pigs. With serious turbulence both abroad and in the economy, this is an occasion when the national interest transcends mere pork.

— THE NEW YORK TIMES.

Other Comment

A Time for Force in the Gulf

There comes a time, as history proves in so many instances, when the world must shout "Enough" at a man like Saddam Hussein. If this proves insufficient, force is the only alternative. We hope the international military muscle being assembled behind the Saudi frontier does not need to fight. But the decision now is in [the] hands of President Hussein. If he steps across the line the world has drawn, he will have to pay the consequences.

— Bangkok Post.

It is not in the interests of many countries around the world that this High Noon drama in the Middle East become protracted. Economic blockades and political isolation, such as are now being applied against Iraq, require time before their efficacy becomes visible. [But] to apply only a strategy of attrition against that country in the hope that it will crumble internally could well create side effects that would further complicate the entire situation.

— The Jakarta Post.

In the current complex situation, it would be apparently quite useful to use the potential of the United Nations, the Security Council and its Military Staff Committee, and not just the efforts of the United States.

— Tass (Moscow).

[Japan] is wholly dependent on foreign oil for all that it does, and so much of that oil comes from the Gulf. Japan is prevented by its constitution from developing or deploying anything other than a force for self-defense. For the Japanese, the best course of action is often the one that permits it to go quietly about its business. But unable to send troops and in the position of not wishing to alienate its Arab oil vendors, Japan needs to figure out its best profile in this crisis.

Tokyo was right in agreeing to join the embargo early, even before the key Security Council sanctions vote, and now it would be well-advised to assume the role of one of the anti-Hussein coalition's key underwriters.

Japan would be a key beneficiary of a more stable Gulf region and would be an even bigger loser than the United States or Britain if the place goes to pieces. It could offer to help bankroll, for instance, the cost of any UN Security Council peacekeeping effort if one is established.

— Los Angeles Times.

No Room for the News Media

Once again the press has been euchred out of covering news of tremendous consequence to the American people. For days on end, the public had to settle for newspaper and television reports of fighter planes, military transports and combat troops heading to Saudi Arabia, but nary a first-hand word or a snapshot of them arriving. This was an outrageous violation by the Pentagon of the spirit, if not the letter, of its commitment to take a press pool along when U.S. forces enter a potential combat situation. As tens of thousands of American soldiers, sailors and airmen were pouring into the Gulf to protect the Sandi Arabians from an Iraqi invasion, the traditionally press-shy House of Saud wasn't convinced that it needed to find room for a dozen representatives of the American media. Or so Secretary of Defense Dick Cheney lamely explained in justifying the delay.

— Newsday (New York).

An Acid Test for the ANC

While there has been remarkable progress in the talks between President F. W. de Klerk and Nelson Mandela of the African National Congress, violence is brewing in many parts of South Africa. There is little consensus between the various factions that make up the majority blacks. Worse, the community is rent by divisive forces such as tribalism, communism and religious radicalism. As long as the ANC leadership remains strong and impartial, it is likely that apartheid will be dismantled, leading to free elections. But the ANC has to prove that it can carry the ground. This is an acid test for its so-called reformed leadership intent on bringing about multiracialism and democracy. The ANC will need more younger leaders to secure South Africa's future.

— Berita Harian (Singapore).

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OPINION

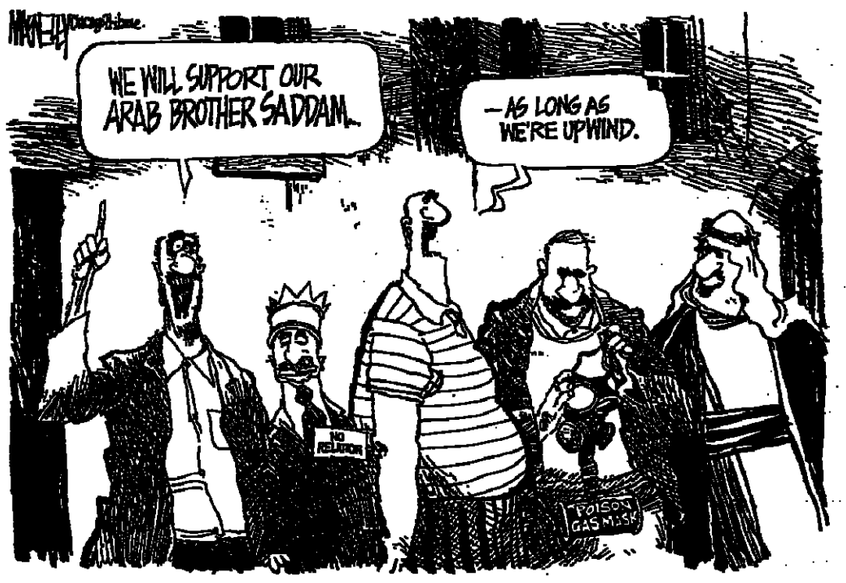
The Goal Is Assuring Oil Supply

By Zbigniew Brzezinski

WASHINGTON — The truly vital American interest in the Kuwait crisis is to ensure that the Gulf is the secure and stable source for the industrialized West of reasonably priced oil.

The Iraqi aggression against Kuwait obviously placed that interest in jeopardy. It portended nothing less than the subordination of the Gulf states to a power of demonstrated ruthlessness and radical orientation. Had the United States failed to respond immediately — as it did, with commendable promptness and determination — it is very likely that Iraq would have emerged as the region's dominant power and the preponderant arbiter of the price of oil.

Since the promulgation of the Carter doctrine in 1980, subsequently reaffirmed by the Reagan administration, U.S. policy in the region has been committed to the proposition that American power would be used if necessary to prevent any hostile domination of the Gulf. The U.S. naval intervention in the Gulf during the most heated phase of the Iraq-Iran war was a reflection of that commitment. President George Bush thus acted wisely, and in keeping with established American geostrategy, when he decided last week to deploy American forces to deter any further Iraqi moves, thereby credibly reassuring Saudi Arabia and the other Gulf states of American willingness to become militarily engaged even alone.



American policy must be to deter aggression but not to lead a crusade. The flow of oil is ultimately an American imperative. The liberation of Kuwait is the international community's responsibility.

Behind this truly credible American shield it should now prove possible to obtain the cooperation of the oil producers to increase their production. Indeed, even hostile Iran is anxious to pump more, and friendly producers not only in the Middle East but also elsewhere can make up the Iraqi-Kuwaiti shortfall without too much difficulty. Hence the unilateral but defensive U.S. action with regard to Saudi Arabia is having the effect of basically ensuring the central American interests involved in the crisis.

There appears to be general consensus in the United States regarding these imperatives, and the Bush administration justifiably commands broad popular support for its demonstrated firmness. But the issue becomes more complex with regard to the other proclaimed objective of American policy — namely, the disgorging of Kuwait by its conqueror.

Obviously, that, too, is a desirable goal. A brutal and forcible annexation of a member of the international community by a more powerful neighbor cannot be accepted, and it should not be tolerated. The international order would be in grave jeopardy if it were to be otherwise. That is why an international response is in order, and that is why the United Nations has adopted its condemnatory stand.

But the key point here is precisely the one that has just been made. An international response, and not a purely or even just a predominantly American one, is needed. If the international community acting in concert can achieve the expulsion of Iraq from Kuwait, it will be all to the good. It will establish an important lesson and give the world a commendable example of international cooperation in the first major crisis of the post-Cold War era. It will establish an important precedent for the future.

These are not empty words. But they will have substance only if two major requirements are satisfied.

The first is that the mandated collective action be truly international, and not just largely an American expedition even if with a large United Nations flag on top. That means that the effort is given serious support, that there is no evasion by the Soviet Union or Japan or any other major player, that at least some Arab states participate in the application of sustained pressure on Iraq, and that costs are shared internationally on an equitable basis.

Second, it is important that any international pressure through an embargo or a blockade be designed and applied in such a manner as to induce Iraq to negotiate and not to lash out. The attempt should be to squeeze but not to strangle Iraq. That is an important distinction, and it applies particularly to the implementation of any policy of compulsion. The objective here should not be "unconditional surrender," as in World War II, but a negotiated solution.

To ignore this consideration is to invite a cornered Iraqi regime to engage in some act of desperation designed to transform the blockade of Iraq by the international community into a largely anti-American war by the frustrated Arab masses. Here the obvious stratagem for Iraq to adopt would be to move into Jordan, thereby precipitating an Israeli reaction and thus detonating a wider and a very different explosion.

In any case, it is especially important for the United States to avoid becoming the highly visible spearhead of any such effort, not to speak of any largely solitary American effort to choke Iraq into disgorging Kuwait. Failure to exercise due caution in this regard could produce any number of truly undesirable consequences.

First of all, the costs of any military effort to expel Iraq from Kuwait could be quite high. It is doubtful that the American public would accept high human casualties as a price worth paying for the restoration of the emir of Kuwait to his throne.

In addition, one must take into account that an offensive American posture, either in any attempted military compulsion of Iraq or even in the enforcement of the blockade, entails formidable risks. The probabilities of escalation are far from negligible. There are simply too many parties in the region waiting to capitalize on the carnage resulting from any military collision. Both Iran and Syria may be tempted to act in order to settle old territorial and political scores. The Likud government in Israel also has an established propensity for unilateral military interventions. Iraq may also find an expansion of the conflict in its own desperate interest. In brief, the region as a whole could erupt into flames.

The result then might not only be a wider conflict but a generalized interdiction of Western access to oil. In this manner the pursuit of the second major goal — Iraq out of Kuwait — could have the unintended effect of vitiating the attainment of the first and central objective: Western access to oil. This would be especially ironic and tragic, for that access, and reasonable pricing, can be ensured even if Iraq, subjected to a prudent international squeeze (in contrast to a tightly applied American strangulation), remains for the time being in Kuwait.

None of this is meant to absolve Saddam Hussein of having committed an international outrage. But it is to argue for deliberate discrimination, for a policy based on the needed distinctions and not on deliberately generated public hysteria.

An example of such hysteria is the fundamentally misleading comparison between Saddam and Hitler. That analogy overlooks the fact that Hitler led the most powerful European nation, 70 million strong and capable of sustaining itself industrially for prolonged warfare. Saddam leads a mere 17 million, without a war industry or even food production.

In the circumstances, America must act firmly, even unilaterally, but also intelligently. Its policy must be to deter aggression but not to lead a crusade. To put it more crudely, the flow of oil is ultimately an American imperative; the liberation of Kuwait is the international community's responsibility. The former does not depend on the latter.

The writer was national security adviser in the Carter administration. He contributed this comment to The Washington Post.

The Burden Isn't Fairly Shared

By Robert E. Hunter

WASHINGTON — The Gulf crisis reveals with new clarity a decades-old fault line in the Western alliance: the difficulties in sharing security burdens beyond the area of the North Atlantic Treaty or, in Japan's case, the Western Pacific. A way has to be found to share the burden more equitably.

As in the past, the United States has taken the lead in confronting a critical threat to Western interests in the Middle East. Strategy has been developed and orchestrated in Washington. U.S. military forces will bear the brunt of trying to deter Iraq's dictator, Saddam Hussein, and, if necessary, of confronting him on the battlefield.

As in previous crises involving the security of oil supplies, Western Europe and Japan have far more at stake than does the United States, which depends on Gulf oil for about 5 percent of its total energy needs. West European states, on average, are more than three times as dependent, and Japan at least six times. Furthermore, the United States no longer has the responsibility on behalf of the West for containing Soviet power in the region.

It was natural for the United States to assume leadership in the current crisis. No other Western country is yet willing or able to do so, and regional states look to Washington for a credible response to Iraq. But the facts of leadership do not make up for the disparity between effort and interest within the Western alliance, where the United States is contributing far more than its share.

At some point this disparity will surely become apparent to the American public and influence debate on other U.S. commitments abroad. Burden-sharing controversies will re-emerge, affecting both the continued deployment of U.S. forces in Europe and the U.S. role in helping to provide security for Japan.

America's key alliances are already afflicted by tensions over economic issues. Most immediate is a dispute in the Uruguay Round of the General Agreement on Tariffs and Trade over the European Community's reluctance to reduce subsidies to farmers. Also brewing is a trans-Atlantic disagreement over the relative economic burdens, and long-term benefits, of aiding the newly liberated states of Eastern Europe.

In short, the Gulf crisis has pointed up the urgent need for a new trans-Atlantic and trans-Pacific compact. This compact must include a means for determining fair shares in meeting what are indisputably common security concerns in areas beyond alliance boundaries.

"Fair shares" does not require that the allies send military forces to the Gulf. No one should urge Japan to extend its military reach. European forces are more important as a show of solidarity against Iraq than as a buttress for U.S. capabilities.

But in terms of money — the increasingly important coin of post-Cold War power and influence — the United States should expect its allies to match its contribution to common security. This includes sharing fully the pain of the economic embargo against Iraq, providing direct payments for U.S. military deployments in the Gulf region and being flexible on trade and other economic issues.

Without such a new allied compact on Third World security issues, clearly and openly arrived at, it will be harder to preserve alliances that remain important for both the United States and its traditional partners.

The writer is director of European studies at the Center for Strategic and International Studies. He contributed this comment to The New York Times.

The Means Are Armed Power and Oil Reserves

By Hanns W. Maull

EICHSTATT, West Germany — When Saddam Hussein sent his troops into Kuwait he threatened not only one but two interests of vital importance to the world community — and thereby also exposed the degree to which world politics and economics have now become inextricably intertwined.

Iraq's tanks were trying to re-impose military power politics and territorial expansionism in a region of extreme sensitivity to the rest of the world. And Saddam Hussein's move threatened a world recession.

The analogy between Saddam Hussein and Hitler is correct — he has to be stopped. Sanctions are the right way to go about it. Contrary to much received wisdom, sanctions actually can work, up to a point. The response has been encouraging so far. Yet economic sanctions alone may not be enough. They will have to be backed up.

In addition to repelling aggression and pressing forward with economic sanctions, the West must simultaneously face a second task, and the key will be control over the price of oil. Markets alone cannot be entrusted with the job. This goes both for the sanctions against Iraq and for the price of oil.

Governments need to step in by mobilizing their backup power. In the case of economic sanctions, this has to be military power — perhaps a naval blockade.

In the case of oil prices, the backup consists of government strategic stockpiles. They should be used to prevent a prolonged price rise beyond a ceiling of, say, $25 per barrel. Clear and early signals by governments that they would be willing to use stockpiles to dampen panic buying could in themselves make a very useful contribution to steadying nerves.

The international community has no choice but to take up Saddam Hussein's challenge, for the sake of its long-term security as well as to avoid testing the brittleness of world economic structures. For there, too, the implications of a protracted crisis look ominous: After eight years of growth, a recession would severely test the resilience of international economic arrangements beset by debt mountains and overextended financial markets.

The writer, professor of international relations at the Catholic University of Eichstätt, contributed this comment to the International Herald Tribune.

IT IS vitally important that the officers around Saddam Hussein be made to see the handwriting on the wall. The message should be delivered to these officers that if hostages are harmed they personally will be treated as war criminals, and that if Iraq uses chemical weapons, against any target, nuclear weapons will be used against Iraq. Whether or not nuclear weapons are actually used, in such a dire conjuncture the threat of their use needs to be made clearly now, so that an order from Saddam Hussein to use chemical weapons will be disobeyed, if made, and he himself be killed, before he brings more death and destruction to others.

— Conor Cruise O'Brien in the Los Angeles Times.

Poland: Solidarity's Decade Ends in Decline and Demagogy

By Abraham Brumberg

WASHINGTON — Ten years after Poland was swept by a wave of strikes that led to the birth of Solidarity, and nearly a year after Solidarity's choice, Tadeusz Mazowiecki, took over the government, that once powerful movement is teetering on the brink of extinction.

Solidarity's membership has shrunk from a high of 10 million to little more than 1.5 million. It is no longer sure of its identity, its program or even its long-range goals. It is now in the throes of a furious internecine struggle. Pitted against each other are Prime Minister Mazowiecki and his allies in the government on the one side, and political leaders outside the government on the other. This is not the first time that Solidarity has been torn by internal feuds, but the latest crisis is the most lethal of all.

At issue, ostensibly, is the policy of the government. In fact, the issue is power. Mr. Mazowiecki, say his adversaries, has led the country into a crisis. He has "betrayed the interests of the workers," dragged his feet on reforms, propitiated the former Communists still occupying a disproportionate number of seats in the parliament and in the government, and has vested all power in a small group of men responsible directly to him and not to the electorate.

The campaign waged by the "Centrist Alliance," as Mr. Mazowiecki's critics have dubbed themselves, has been rife with invective: "intellectuals," "left-wingers," "a narrow clique of power hungry politicians," and finally (although not unexpectedly in Poland) blatant anti-Jewish stereotypes. And heading this campaign has been none other than Lech Walesa.

It was Mr. Walesa who said that he would cooperate with everyone, even with "intellectuals and Jews." And it was Mr. Walesa who assured a television audience just a few weeks ago that the charge that a gang of Jews "had got hold of the trough and is bent on destroying us" was not directed "against the Jewish people as a whole" but only at those "who are looking out for themselves while giving not a damn about anyone else." The disclaimer will no doubt reassure thousands of elderly Jews (out of a total of 7,000) whose only trough is the modest aid provided to them by Western Jewish charities.

The root cause of the political crisis in Poland is the social discontent engendered by the country's bleak economic performance. The "shock therapy" introduced last winter by Finance Minister Leszek Balcerowicz, which envisioned a quantum leap into free markets, has succeeded in wiping out hyperinflation, but it has bred a recession, with astronomical prices, burgeoning unemployment (soon to reach 1 million), a drastic drop in the average standard of living and an equally drastic decline in productivity.

Mr. Balcerowicz's program has been severely criticized by a number of economists and political leaders. What the critics object to is not the need to develop a market-based economy but the breakneck speed of the reforms and the lack of a well thought out social safety net to protect those worst hit by austerity measures.

The critics also fault the program for encouraging the rise of a nouvean riche class of speculators and black marketeers, side by side with a swelling number of poor. The population must not be asked to tighten its belt for an unspecified period of time without guarantees of an eventual payoff.

A case, then, can be made against the government's economic policies. But those policies have prevailed not, as Mr. Walesa maintains, because of some nasty "plot," not because of the preponderance of former Communists in the government and parliament, and not because Mr. Mazowiecki doesn't give a damn about the working class. Rather they prevail because the shock therapy was generally approved by all political groups and leaders, including the ex- (and in many respects now anti-) Communists, and including Mr. Walesa himself.

The approval often stemmed from little more than a passionate faith in the market as the panacea for all economic ills. Nevertheless, together with the public's continued confidence in him, that approval gave Mr. Mazowiecki the legitimacy to carry out his policies.

Mr. Walesa cannot disavow his own blessings. And although his charges echo some of those voiced by the moderate critics, he knows that siding with the latter might deprive him of his role as gallant champion of the working people. So he resorts to specious arguments and meretricious promises.

Instead of pleading for a more balanced pace in the move toward free markets, he has called for "acceleration" — although without providing one single concrete suggestion as to which economic reforms can and should be accelerated. And instead of presenting a coherent program of his own, he has traded on two simple slogans: Get rid of the enemies — that is, of all those former Communists who stand in the way of progress — and above all get rid of President Wojciech Jaruzelski and replace him with the real champion of the Polish masses — to wit, Mr. Walesa himself.

When issues are deliberately obscured, demagogy takes over, hence the innuendos, references to his adversaries' "intellectual" or "leftist" credentials and the anti-Semitic images. Whether Mr. Walesa really is an anti-Semite is a moot point, as moot as whether he actually believes anything he says. He is playing on popular hatreds and stereotypes, hatred of "Communists" and their "collaborators"; hatred, still embodied in Polish society, of the Jew as major culprit for all of the country's misfortunes, past and present. He is not looking for real causes but for scapegoats.

By the same token, his curious conception of the democratic process — which he has called a "war of all against all" — is dictated less by a commitment to principle than by the exigencies of the moment. A year ago he was in favor of having the next president elected by direct popular vote. Now he wants the parliament to elect the president, evidently on the not unreasonable assumption that he would stand a better chance of winning in the parliament, especially if he is the only candidate.

It is distressing to see what is happening to Solidarity 10 years after its birth. And it is grim to see Lech Walesa, whose charisma and espousal of pluralism and human solidarity once overshadowed his flaws, mired in a swamp of demagogy and xenophobia. One would wish for a more salubrious end to the Solidarity decade.

Mr. Brumberg writes frequently on Soviet and East European affairs. He contributed this comment to The Washington Post.

100, 75 AND 50 YEARS AGO

1890: A Trade Dispute

NEW YORK.—The President to-day [Aug. 16] sent to the Senate copies of the correspondence between Minister Whitelaw Reid and the French Government relative to the prohibition of American pork. In his correspondence with M. Ribot, Minister of Foreign Affairs, Mr. Reid shows that France has discriminated against American pork. He says that there is no longer any pretence that American pork is diseased. He refers to the enormous importation of French wines into the United States and quotes recent debates in the French Senate to show that these wines are impure and deleterious to health.

1915: Northern Front

PARIS — Latest despatches from newspaper correspondents in Petrograd indicate that the Germans, after the checks which they have sustained in the northern provinces, have now realized the necessity of reinforcements. It is possible that these reinforcements were looked for at the expense of the army which was attempting the investment of Kovno, explaining the slackening of the enemy attacks against the fortress. The menace to Riga seems for the present to have been effectually countered, and on this front the Russians continue to hold the enemy victoriously in check.

1940: Bases for America

WASHINGTON — President Roosevelt disclosed today [Aug. 16] that the United States is negotiating with the British Empire to acquire naval and air bases to help defend the Western Hemisphere, and particularly the Panama Canal, against possible attack and invasion. [In London Prime Minister Winston Churchill was reported to have formally offered to President Roosevelt ninety-nine year leases for strategic bases on all British islands between Newfoundland and Guiana.]

— From the New York edition of the New York Herald Tribune.

OPINION

Baghdad Must Not Be Left With a Nuclear Capability

By A. M. Rosenthal

NEW YORK — In 1981, a small country recognized a deadly danger to its existence. In a courageous act of self-preservation the country struck out militarily to save itself. In doing so, that country benefited not only itself but the world at large.

Nine years later, the danger has risen again — and again it is to all the nations. The challenge and opportunity to end it now fall to a great power.

On June 7, 1981, Israeli planes bombed the Iraqi nuclear reactor near Baghdad. They thus prevented the Iraqi dictatorship from developing

ON MY MIND

atomic bombs that were supposed to be its crucial instruments of blackmail, fear and death. Much of the world screeched at Israel, a classic demonstration of global hypocrisy. But in truth every nation understood that Israel had moved the world one step back from self-destruction.

Then, blind with greed and suicidally stupid with self-delusion, the Arabs, the West and the Soviet Union stuffed Saddam Hussein with money, weapons and the material that allowed him to rebuild his nuclear weapon potential. He built a new plant near Turkey and every day moves closer to the bomb.

Saddam Hussein has used other weapons from which the world thought it was safe: chemicals that burn and choke before killing. He used them in Iran and against his people at home. Who will guarantee that this killer, once armed with nuclear bombs for the delivery missiles he already has, will never carry out or threaten a nuclear strike?

Shall we ask the State Department experts who said Saddam Hussein would never invade Kuwait? And while they are at it, can they also guarantee that he will never slip a few of the bombs in his nuclear arsenal to his gangs of roving terrorists to stash away in some Middle Eastern warren — or in a Western city?

The West is even now afraid to try to rescue its hostages, including the new thousands Saddam Hussein has taken in Kuwait and Iraq. Who will dare act against terrorists when they are armed with nuclear weapons?

America is at war with Iraq. When Iraq struck at vital U.S. economic interests and President George Bush properly responded with blockade, that was war. The questions now are how it will be fought and how it will be ended.

Saddam Hussein and assorted vassals, such as King Hussein of Jordan, did not expect Mr. Bush to react with such courage and force. Even some of the Iraqi's Arab "brothers" find themselves forced to stand up to him for awhile, to save their necks. But the West would be even more foolish than usual to forget that some of its new Arab allies gave him billions of dollars before he threatened them directly. The biggest contributors to the Iraqi war chest were Kuwait and Saudi Arabia.

They would be slaveringly happy to give Saddam Hussein money and weapons again as long as he went after somebody else — say, Israel.

So the Iraqi shrewdly sends word that he is ready for a deal, some arrangement allowing him to get ready for the next move. Maybe he would even be willing to save the bank accounts of the Kuwaiti emir and his oil-fat family — for a cut, of course.

Saddam Hussein would keep his job and army and build his nuclear threat. In a couple of years, he would be ready again to grab for international domination, this time armed with nuclear weapons stockpiled at home and scattered in his various terrorist bases abroad. Rest easy, we would be told by our experts, he would never dare to use or threaten the use of nuclear weapons. Maybe they would be right at last. But suppose they were wrong, just one more time?

If Saddam Hussein wants peace to regroup, the minimum price must be

The minimum price must be destruction of his nuclear plants, missile factories and launching pads.

the destruction of his nuclear plants, missile factories and launching pads.

After the embargo is tight enough to hurt him, the United States should give him a short time — a few days — to permit the entry of an international team to supervise the destruction.

If he does not accept, the United States should do it from the air, with its allies or without.

Yes, Israel will still have nuclear capacity. That will be a danger to the West — provided Israel surrenders democracy for despotism, cries Holy War against the West, takes Western hostages and threatens Western economic independence. Pretending that democratic friends and tyrannical enemies are the same helped bring us Hitler, Stalin and Saddam Hussein.

A peace that leaves Saddam Hussein ever able to lift a nuclear bomb in threat would be a betrayal of all American forces that are sent now to put him down — or that will face him in the future.

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

These Children of the '60s Have Left Gandhi Behind

By Barbara T. Roessner

HARTFORD, Connecticut — Poor Michelle Shocked. Dressed in black, guitar in hand, she sought in vain to exhort the revelers at the 1990 Newport Folk Festival to a mass, antiwar "die-in." Hiroshima. Vietnam. Kuwait. She pushed all the buttons, but the current just wouldn't flow.

"This is my political statement," shouted the bearded man next to us as

MEANWHILE

he stretched out on the lawn, yawned and turned his tanned face to the sun.

He and his wife, both of whom looked to be well into their 40s, settled their newborn baby into its miniature tent. Baby tents were really big at the festival this year, as was tie-dye — tie-dyed pants, skirts, T-shirts, shorts, dresses and hats, entire tie-dyed families. There was no alcohol or marijuana to speak of. Sobriety was in, along with falafel.

Neophyte parents with salt-and-pepper hair and weathered skin were also in abundance. Perhaps if their offspring were older — in the vicinity of draft age — they might have responded differently to Michelle Shocked's attempt at a pacifist protest. Her plaintive ballad about a young "Vietnam widow" seemed to have the audience momentarily entranced. But then, these folks were of draft age themselves during Vietnam.

There is nothing like self-interest to determine one's political stance, or to fuel or asphyxiate a war. And self-interest is, for all President George Bush's talk of moral principle and the sanctity of national sovereignty, why America now has troops in the Saudi desert. No one wants to pay more for oil.

An editorial cartoon in Newsday last week shows a balding, bearded guy screaming "Nuke Saddam!" and other contemporary battle cries at his television set. His wife observes from the doorway, explaining the strange spectacle to their young daughter: "Your father's a baby-boom liberal, dear — he's never had a war he could support before!"

The sudden threat of higher prices at the gas pump, especially when hard economic times are already upon us, has many of yesterday's Gandhis feeling a surge of pent-up aggression. A recent New York Times poll, for example, shows 74 percent of the public favoring U.S. troops in Saudi Arabia.

The poll shows that support for Mr. Bush's decision to dispatch those troops rises with education and income. That is, those who are less likely to go are more likely to say that others should.

Historians say that is how public opinion usually goes at the inception of a military action, and such strong consensus about America's involvement in the Middle East is likely to erode as people have time to examine exactly why Americans are there and the potential consequences of their presence. But I'm not so sure. The great thirty-to-fortyish population bulge has the status quo at stake now, not its individual hides.

Besides, as the attitude of the gentleman who yawned rather than "die in" suggests, getting mellow is in itself an activist statement these days.

In a sort of preamble to the Newport festival's printed program, Ben Cohen of Ben & Jerry's — the Vermont ice-cream maker and beacon of correct capitalism, i.e., egalitarian management that buys Maine blueberries from Native Americans and Brazil nuts from rain forest farmers — explained why his firm decided to sponsor the legendary festival this year:

"People ask, 'Where are the children of the '60s?' … They're at the Newport Folk Festival with their children. And we're poised to lead a multigenerational effort into the '90s that's going to change our country from one that is death-defying to one that's life-affirming. For me, that's what this folk festival is all about — changing things for the better and having fun while we're doing it."

Michelle, you should've offered 'em a double scoop of White Russian.

The Hartford Courant.

LETTERS TO THE EDITOR

S&Ls, Oil and the Market

In "Too Much Market Doesn't Work" (Opinion, Aug. 2), Kenneth E. Sharpe and Bruce Cate blame the U.S. savings and loan scandal on free markets. The scandal is a direct result of government intervention in the economy. Government deposit insurance guaranteed that the taxpayers would make up losses, while the savings and loans could keep their winnings on risky investments. The system said: Go ahead and take crazy risks; we will bail you out if you lose. That is exactly what the savings and loan institutions did.

The government sold deposit insurance to S&Ls at a flat fee no matter how risky their investments. Any industry with such a sweet deal from the government has an incentive to keep it coming. And the S&L industry was a master at this. Through lobbying, payments and gifts it persuaded the executive branch and Congress to help it take about $300 billion from the taxpayers. The government reduced the number of examiners and refused requests for more. Congress exempted S&Ls from generally accepted accounting principles. The government ignored reports of major financial losses and even of fraud.

Both political parties and many members of Congress are guilty of permitting this abuse. To blame government is sensible. To blame free markets is nonsense.

ALAN C. STOCKMAN.
Rochester, New York.

Some years back, Americans had a president with a policy of energy independence. Then we got one who told us that government wasn't the solution, it was the problem. We didn't need a policy. "The market" was going to take care of all these problems.

So where is America today? In an oil crisis. And broke, thanks in part to non-government not regulating the savings and loan bandits.

Give a thought to what the $300 billion S&L bailout could have bought in synfuels, conservation, environment.

Will we get it right this time?

HERMAN ARCHER.
Cairo.

If America spent on research into alternative energy what it is about to spend on the military operations in the Middle East, it could finally begin to lessen its dependence on foreign oil.

ELLEN SHIRE.
Amsterdam.

A Dark Side of Kuwait

Having been a teacher in the "intellectual center" that Daniel Pipes refers to *("Kuwait: A Light Has Been Snuffed Out," Opinion, Aug. 11),* I must dispute his view of Kuwait before its invasion.

To begin with, he overstates the number of Kuwaiti citizens. Until last year, official census figures included so-called Bedouins — Kuwaitis of nomadic origin without nationality — who were recently purged from government jobs and whose children were ejected from public schools. Since the figures were adjusted, "true" Kuwaitis account for only 28 percent of the population and only 1.6 percent of the work force outside government ministries.

To be sure, the leisure class in Kuwait lived well and securely. For the remainder of the population, including more than 300,000 Palestinians and about 500,000 South and East Asian laborers, the reality was quite different. The Philippine and Sri Lankan embassies were overrun by maids who had been abused by Kuwaiti employers, and the Indian Embassy more than once had to repatriate laborers who spent months in the country living 10 or 20 to a room without plumbing or electricity, and ultimately without getting paid.

As for Palestinians and other Arabs born and raised in the country, they dared not speak out for fear of expulsion. Newspapers were routinely shut down for refusing to print nonsensical government press releases. And Mr. Pipes fails to mention that Kuwait's much lauded parliament was dissolved in 1986.

Few, even among Saddam Hussein's supporters, would deny that the Iraqi leader is a ruthless man with little regard for the individual. But the vast majority of Kuwait's residents will hardly be worse off under his rule than they were under that of Sheikh Jabbar al Ahmad al Sabah, unless the country is invaded from the south and turned into a battlefield.

RICHARD FOLTZ.
Paris.

Infant Mortality in America

In response to the report "U.S. Lagging in Infant Mortality Fight" (Aug. 7):

It is a cruel irony that a Republican president, Theodore Roosevelt, proclaimed this The Century of the Child and established a federal Children's Bureau (now disbanded) to deal with their special needs. Now, in the last decade of the century, America has another Republican president — who ran on a campaign promise to "invest in our children" — able to live comfortably with the fact that the United States has fallen behind 19 other countries in preventing infant deaths.

A rate of 40,000 infant deaths per year deserves his most urgent attention, not relegation to the back burner.

MARION HUNT.
Lieurey, France.

A Tragedy, Not Genocide

Regarding "Another Nation Wronged" (Letters, July 26):

The comments in Yaacov Zbouloum's letter about U.S. treatment of Indians are misleading. The fate of the various Native American peoples was not the result of some diabolical grand scheme to exterminate them; rather, it was due to the greatest migration of all time — from overpopulated, agrarian Europe. For the settlers, the relative nonuse of the land by the mainly nomadic natives was all but impossible to understand or respect.

Of course, it is correct to condemn the ensuing tragedy. Still, I question the emotionalism with which some people attack the United States on this issue. Compared to the records of, say, Argentina and Chile, America's treatment of its natives was downright mild.

ERIK SVANE.
Paris.

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FACE-OFF IN THE GULF: Underground resistance is organized in Kuwait, but in Iraq chance of an opposition coup is slight

In Exile, Kuwaitis Direct Resistance From Saudi Arabia

By Clifford Krauss
New York Times Service

WASHINGTON — The Kuwaiti government-in-exile is directing an underground armed resistance and a wide assortment of public services inside its country, from garbage removal to emergency medical care, according to senior Kuwaiti officials.

"When the Iraqis invaded, we were in shock," Sheikh Sabah al Ahmad al Jabbar al Sabah, the deputy prime minister and foreign minister, said in Washington. "Then we got organized. The people need us."

In a matter of days, Saudi Arabia donated to the exiled government a building in the mountain resort of Al Taif for various ministries to set up offices, a base near the border at Dhahran for a 5,000-man reconstituted army and a radio station by which the royal Sabah family communicates with its people.

Using Bedouin couriers, officials send letters of instruction and money every day to bureaucrats who continue to run vital ministries for exiled ministers. The officials say the couriers have sent orders to the underground, which includes Kuwaiti military units and civilians, to begin open military resistance next week.

"They will begin to feel us," said Sheikh Sabah, the 61-year-old brother of the emir.

"Ours is like the French exile government" of World War II, he said.

President Saddam Hussein of Iraq has said he intends to merge his country and Kuwait. His occupation forces have dismissed the top ministers and ambassadors, and he has vowed that the emir and his family will never return to power.

But Kuwaiti officials say the Iraqis are effectively condoning the operations of the exiled government to keep basic services going.

"We are coordinating all health services inside Kuwait," said Health Minister Abdulwahab Alfouzan. "I'm getting good information on what is going on in our hospitals, medical centers — all we need to know. All the ministries are functioning the same, through indirect contacts."

He said such services were a form of resistance.

"The people who pick up the garbage won't listen to the Iraqis," said Sheikh Sabah, who is in Washington to meet with President George Bush, Secretary of State James A. Baker 3d and Defense Secretary Dick Cheney. "They only listen to us."

The exiled government and its agents have set up neighborhood committees to take care of police services, garbage collection and emergency health services to supplement the government.

Should the emir's government be able to continue to resist, not only would it make Iraq's occupation more costly, but it might also limit any negotiated settlement for ending the Gulf crisis. The Kuwaiti officials said they would never accept a compromise in which Iraqi troops leave on the condition that a new government is formed.

More than 100 Kuwaiti embassies continue to function, coordinating by telephone, telex and facsimile with the government office in Taif, working to persuade governments to enforce economic sanctions against Iraq.

They have also established committees of Kuwaiti students, tourists and residents to take care of the personal problems of Kuwaitis living abroad. They counsel the emotionally distressed, ease communication among family members and even give financial help to people who wish to travel to Arab countries closer to home.

The Kuwait Investment Office, the London-based bureau that handles Kuwaiti investments abroad, still operates, and it serves as the exiled government's treasury. The office is working with foreign governments to release some frozen Kuwaiti assets in foreign banks to finance the exiled government's operations.

Sheikh Sabah said the office was obtaining cooperation from foreign governments, although it faced much legal red tape.

The Associated Press

A U.S. Air Force officer being treated for heat exhaustion. He was stricken while helping to erect tents in Saudi Arabia.

Repression Makes Iraq Coup Unlikely, Dissidents Contend

By Glenn Frankel
Washington Post Service

LONDON — When a French television station broadcast the execution of the Romanian leader, Nicolae Ceaucescu, and his wife several months ago, President Saddam Hussein of Iraq distributed copies of the tape to leaders of his ruling Arab Ba'ath Socialist Party, according to a well-informed Iraqi dissident.

Mr. Hussein wanted them to watch, learn and heed the warning: that what happened to Mr. Ceaucescu could happen to them if they did not take the necessary precautions, the dissident said.

A few weeks later he ordered the execution of four senior army officers accused of disloyalty and the arrest of 25 pilots suspected of plotting to shoot down the presidential plane.

As the noose of economic sanctions tightens around Iraq, many in the West are hoping that Iraqis will choose to avoid a bloody showdown by overthrowing the ruler who has brought them to the brink of military confrontation with the United States. President George Bush recently suggested that such an outcome would be welcomed by governments throughout the world.

But some of those who know Iraq best — dissidents and opposition politicians who fled to escape harassment or execution — say the likelihood of a successful coup within the next days or weeks is small. Mr. Hussein, they say, has weathered many storms before, relentlessly pursuing opponents and potential rivals.

Still, he has many opponents, including Islamic Shiite fundamentalists who feel oppressed by the ruling Sunni minority, Kurdish nationalists, democrats and communists.

But these opponents are so fragmented and weakened from years of repression, the sources say, that it is doubtful that they could mount an effective internal challenge.

"You want someone who can reach Saddam Hussein and finish him off and do it soon, and this is not available," said Selim Fakhri, a former colonel in the Iraqi Army, who is living in London.

What is possible, said Mr. Fakhri and other analysts, is that members of Mr. Hussein's own ruling elite, most of whom come from his home village of Takrit, may gradually lose faith in Iraq's ability to survive the international opprobrium that his invasion of Kuwait has brought down on them.

It is also possible that one of the periodic challenges to his rule from within the Iraqi Army could succeed.

"The situation they are in now could give impetus to officers or to the Takritis themselves," said Saad Jabr, leader of the New Umma Party, an exiled opposition party. "It's clear they don't want to go down the drain with Saddam."

Those are scenarios. What is reality is the ruthless manner in which Mr. Hussein has dealt with opponents in the past. Every dissident has stories to relate, but all tell of the fate of Riyadh Ibrahim.

A London-educated physician, Mr. Ibrahim was minister of health in 1982 when Iranian successes in the Iran-Iraq War were followed by a demand from Tehran that Mr. Hussein be deposed as a precondition for peace talks.

By these accounts the Iraqi cabinet met, and Mr. Hussein asked what he should do. After all of the ministers insisted that he remain in office, he pleaded with them to be candid and offered to resign.

At that point Mr. Ibrahim reportedly suggested that Mr. Hussein might step aside temporarily until a peace accord was final.

Mr. Hussein thanked Mr. Ibrahim for his candor and then ordered his arrest. When Mr. Ibrahim's wife pleaded personally for her husband's release, Mr. Hussein promised to comply.

"His body was delivered to the house the next day in a black bag," said Sahib Hakim, who heads the Organization for Human Rights in Iraq, based in London. "It was chopped in little pieces."

Analysts say that the army has been a constant source of potential conflict for Mr. Hussein. There have been four credible reports of coup attempts this year alone, according to Laurie Mylroie, an Iraq analyst at the Harvard Center for Middle East Studies.

To forestall such attempts, Mr. Hussein is continually purging the army's officer corps and playing off branches of the armed forces against one another.

A senior figure in the Iraqi exile movement contends that elements in the army would be more willing to oppose Mr. Hussein if they believed that they would be supported by the West.

"There are officers in the army in contact with us," he said. "They have two questions for us: 'If we make a coup attempt, who will protect us from poison gas? And can we get political help and cooperation once in power?'"

■ **Agreement by Opponents**

The leader of Iraq's Kurdish resistance movement says that Iraqi opposition groups agreed in Damascus last week to join forces if necessary to overthrow Mr. Hussein and seek national elections for a successor, The Washington Post reported from Washington.

Jalal Talabani, who led a guerrilla army against Baghdad during much of the eight-year Iran-Iraq War and whose forces suffered chemical-weapon attacks on a number of occasions, said that he had come to Washington to measure support in the Bush administration for aiding a rebellion.

1,000 Firms in Bonn Arms Sale Inquiry

By Marc Fisher
Washington Post Service

BONN — West Germany, which purports to have the world's toughest laws against exporting weapons to countries that are likely to become involved in warfare, is now investigating allegations that more than 1,000 German businesses have illegally sent arms and military technology to Third World countries, including Iraq, a Foreign Ministry source said.

Public prosecutors are looking into allegations that at least 50 companies have sold Iraq plants and know-how that could be used to build chemical, biological and nuclear weapons.

Investigations are under way into companies alleged to have provided Iraq with centrifuges capable of enriching uranium for use in nuclear bombs; laboratories that could be used to create nerve gas, and steel to make cannons.

The close ties between Iraqi and German industry have opened a new debate over the role West Germany has played in helping President Saddam Hussein turn his country into a military power to be feared.

According to the new allegations, the Bonn government was unable to stem the private flow of information and materials to Iraq. One of its own intelligence agents was reported to have sent Iraq material needed to produce nerve gas. Bonn has denied that any of its agents was involved in exports to Iraq.

Since 1984, according to Norbert Gansel, a member of the Social Democratic opposition and leader of a parliamentary committee investigating illegal arms sales, "the Bonn government has known that Iraq, with German support, was producing poisonous gas and missiles. The warnings from our side and the warnings from friendly governments were a waste of breath."

The Iraqis apparently considered West Germany a prime source for materials to produce chemical weapons.

Iraq's ambassador to West Germany, Abdul Jabbar Ghani, is a close adviser to Mr. Hussein. He arrived in Bonn in 1987 with instructions to buy materials and plants for weapons production for the Iran-Iraq war, according to intelligence sources quoted by the West German news weekly Der Spiegel.

Mr. Ghani vanished from Bonn several days before the Iraqi attack on Kuwait. According to diplomats in Bonn, Western intelligence reports show that he was in the Iraqi port of Basra helping to plan the invasion.

Mr. Ghani was so successful in his efforts to line up materials for chemical weapons production that Bonn press reports have linked more than 50 German companies to recent sales to Iraq.

"We all know that a number of German companies have allegedly violated these restrictions," a Foreign Ministry official said. "And we have tightened our customs and border checks to guard against this."

Foreign Minister Hans-Dietrich Genscher this week criticized West German businesses that have helped arm Iraq. "West German industry should turn away from those who broke laws to earn money by helping the dictator of Baghdad," Mr. Genscher said. "The good name of German industry is at stake here."

Opposition politicians in Bonn have accused Helmut Kohl's government of insufficient vigilance against such sales. The Federal Economic Office, which reviews export applications, says its staff is not large enough to examine the 75,000 applications received each year.

One company that has traded extensively with Iraq, Pilot Plant, sent laboratories purportedly designed to produce pesticides for use against insects that attack fruits.

But those installations can be used to produce chemical weapons, according to charges now being investigated by the public prosecutor. Pilot Plant is alleged to have built two laboratories used at an Iraqi poison gas facility near Samarra, 65 miles (105 kilometers) northwest of Baghdad.

"Pilot Plant has never denied supplying experimental plants to Iraq for research on pesticides," said Dieter Backfisch, managing director of the company near Frankfurt that owned Pilot Plant and disbanded the firm after the government inquiry began. "But C-weapons cannot be produced by this plant."

VOA Updates the Gulf Despite Iraqi Jamming

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Just as it did during the Tiananmen crackdown in China, the Voice of America has shifted into a crisis mode since the Iraqi invasion of Kuwait. Expanded news coverage and anti-jamming techniques are the focus.

The total hours of Arabic radio broadcasts beamed to the Middle East by medium and short wave have been increased by two and a quarter hours a day to a total of nine hours, 45 minutes.

Satellite broadcasts were added on Aug. 8, allowing some dish owners to receive an audio signal of the U.S.-government broadcasts on their television sets.

And phone calls to the VOA's Arabic news dial-in service in Washington are up tenfold.

The Voice of America, an arm of the U.S. Information Agency, estimates its regular weekly audience in the Middle East at about 7 million; the audience in Iraq is normally 700,000.

During times of crisis, the VOA's audience in an affected country usually doubles, according to a VOA spokesman, Joe O'Connell.

"We canceled our two major music shows and we replaced them with an all-news format," said Mahmoud Zawawi, head of the VOA's Arabic service.

Jamming has hit the the Arabic service for the first time since it was launched in 1950, Mr. Zawawi said. He said that the jamming equipment, centered near Baghdad, was not effective in Amman or Cairo and that it was unclear how effective it had been in Iraq and Kuwait.

Besides shifting frequencies, the VOA is inserting 15-minute news updates at irregular times during prime afternoon hours, including reports from a part-time correspondent in Baghdad. Normally, a 10-minute newscast runs on the hour, with a shorter news segment on the half-hour.

So far, VOA editorials have not highlighted the ironies surrounding the offer of President Saddam Hussein of Iraq to return to Iran territory captured during the Gulf War. On Wednesday, however, an hour of programming was added to the Arabic service broadcasts to deliver full coverage of President George Bush's sharply worded speech at the Pentagon in which he again called Mr. Hussein a liar.

"We are still being as balanced as possible," Mr. Zawawi said. "We have reported Iraqi official views. We have interviewed Kuwaiti and Iraqi officials in recent days, including the Iraqi ambassador to the United Nations. Our stringer in Baghdad is filing regular reports. Today he is reporting on the Iraqi initiative on Iran."

The VOA's part-time correspondent in Kuwait has not been heard from for more than a week.

Pérez de Cuéllar Rejects Force to Back Sanctions

Reuters

LIMA — The UN secretary-general, Javier Pérez de Cuéllar, said Thursday that military force to enforce sanctions on Iraq would breach the United Nations Charter.

He said it would be up to the Security Council to decide whether any force should be used.

Pilots Say Iraq's Fighters Shun Face-Offs With U.S.

Reuters

SOMEWHERE IN SAUDI ARABIA — Iraqi fighters have turned in retreat several times after weapons systems aboard U.S. jets "locked on" to them, U.S. Air Force officers said Thursday.

"They don't want to play with us," a U.S. flight crew chief said in an interview with a visiting pool of American journalists. "If I were in a Mirage and an F-15 locked on to me, I'd get out of there fast too."

Colonel John McBroom, commander of the 1st Tactical Fighter Wing from Langley Air Force Base in Virginia, declined to confirm the reports and said that he had instructed his pilots not to discuss any encounters with Iraqi jets. But he did say that he considered the U.S. air power in Saudi Arabia far superior to Iraq's.

Another officer in the unit and several crew chiefs said the radar-guided weapons systems aboard U.S. F-15s had locked on to Iraqi jets several times during missions near the Kuwaiti-Saudi border. The Iraqi pilots became aware that they had been targeted and fled, they said.

"One of my pilots told me they turn and run as soon as the radar locks on," a crew chief said.

Colonel McBroom said that the fighter unit had felt somewhat vulnerable on the ground when it first arrived last week but had coordinated missions with the Saudis and had received powerful ground protection from other U.S. forces, including the Patriot ground-to-air missile systems.

The reporters visited the fighter wing at a Saudi Arabian air base where it has set up camp, using spare Saudi hangers, maintenance garages and other facilities.

Ground rules for the Pentagon press pool operation prohibit the release of the exact location or the exact number of aircraft and other weapons systems or the publication of the names of noncommand officers.

Iran Insists Iraq Withdraw From Kuwait

Compiled by Our Staff From Dispatches

TEHRAN — Iran declared Thursday that peace with Iraq was a separate issue from the current Gulf crisis and renewed its demand for an Iraqi military withdrawal from Kuwait.

President Hashemi Rafsanjani, apparently seeking to allay fears that Iran would swing its support behind Iraq, made the remarks in a telephone conversation with President Turgut Ozal of Turkey.

He was speaking a day after Baghdad offered to accept Iranian terms for a formal settlement of the Iran-Iraq war.

"Peace with Iraq is a different issue, and we hold on to our view that Iraq must evacuate its forces from Kuwaiti territory so as to create the necessary conditions for re-establishment of peace and tranquility," the Iranian news agency IRNA quoted Mr. Rafsanjani as telling Mr. Ozal.

"We believe that the problem which has been created in the region must be solved by the regional countries in cooperation with one another," Mr. Rafsanjani added.

After the start of the current crisis, Iran condemned Iraq's invasion of Kuwait and pledged to support United Nations efforts to resolve the crisis.

But when Baghdad announced that it was accepting virtually all of Tehran's terms for a peace treaty, concern arose in the West that a settlement could help Iraq break out of its current international isolation.

The Gulf War between Iran and Iraq was halted by a UN-brokered cease-fire in August 1988, but a formal peace accord was not concluded.

Mr. Rafsanjani has issued no formal response to the Iraqi initiative, but newspapers here have hailed it as a political and military triumph for Iran.

"Congratulations on the great victory to the Iranian revolutionary nation," ran a headline in Jomhuri Eslami.

The Tehran radio said hospitals across Iran were put on alert to receive up to 35,000 Iranian prisoners of war, many held since the beginning of the war in 1980, who Iraq said would be released starting on Friday.

The radio said Mr. Rafsanjani received a letter from President Saddam Hussein of Iraq containing the peace offer and Iranian officials were studying it.

The letter was handed over by Barzan Takriti, representative in the UN European headquarters in Geneva, to his Iranian counterpart, Siroos Nasseri, who delivered it to Mr. Rafsanjani in Tehran.

Mr. Hussein's letter was in response to one by Mr. Rafsanjani dated Aug. 8.

In the Iranian letter, released by IRNA on Thursday, Mr. Rafsanjani said the 1975 border treaty giving Iran control over the eastern half of Shatt-al-Arab border river must be the basis of peace talks.

"A two-month period which has been set as the deadline for withdrawal from occupied Iranian territories cannot be justified because if this action is based on goodwill it can be accomplished in a matter of one or two days," Mr. Rafsanjani said.

In his letter read on the Baghdad radio on Wednesday, Mr. Hussein said he was accepting all demands of his "Dear Brother" Rafsanjani.

He said Iraqi forces will begin pulling out of Iran on Friday.

(AFP, Reuters)

EMBARGO: *Ships Pile Up at Mouth of Gulf as Sanctions Take Hold*

(Continued from page 1)

the Alqadisiyah, dock at the Red Sea port of Yenbo and load oil from the Iraqi pipeline that ends there.

On Wednesday, Turkey said it had refused to allow three ships — Moroccan, Danish and Mexican — to unload meat and electrical goods destined for Iraq, according to Reuters.

One knowledgeable source in the shipping industry, who would talk only on the condition that he not be identified, said: "There is quite a buildup of commercial vessels of all nationalities outside the Strait of Hormuz," the entrance to the Gulf.

"There may be as many as 100 vessels, primarily tankers," he said. "A lot were bound for the Gulf at the time the conflict broke out and are now playing it safe."

Malcolm Dunks, director of E.A. Gibson Shipbrokers Ltd. in London, said that about a dozen supertankers, each capable of carrying about two million barrels of oil, were waiting outside the mouth of the Gulf. Normally, he said, two or three might be waiting.

"It indicates that the Saudis haven't increased their output," he said.

He said that 13 or 14 more tankers were scheduled to arrive at the Gulf in the next seven days and 10 or so others in the week after that.

The way it is, he said, "the bulk of these ships are going to be unemployed" until someone, like Saudi Arabia, increases production.

The Saudis have reportedly said that they are prepared to raise their output by as much as 2 million barrels a day above their quota of 5.4 million barrels set by the Organization of Petroleum Exporting Countries. But shipping experts say there is no indication that they have begun to do so.

Reflecting the depressed state of the tanker market in the Gulf, tanker rates have dropped 10 to 15 percent despite sharp increases in insurance premiums because of the war risks, Mr. Dunks said.

■ **Poles Deny Report**

An Iraqi freighter bound for Jordan that has been under surveillance by U.S. warships is carrying Polish tank parts but no guns, Polish officials said Thursday in Warsaw, Reuters reported.

Colonel Piotr Pawluczuk, a director of the official arms trade agency, Cenzin, confirmed reports that the ship's cargo of 760 tons of "technical equipment" included tank components. But he denied a report by the U.S. television network NBC that it was loaded with small arms and ammunition.

NBC reported that the ship was heading for Aqaba via the Suez Canal and that U.S. warships were likely to intercept it.

The Solidarity newspaper, Gazeta Wyborcza, said that the freighter, which it named as the Balqees, sailed from the Baltic port of Gdynia on Aug. 1, hours before Iraq invaded Kuwait. Poland banned arms sales to Iraq a day after the invasion.

There was no further word Thursday on two other vessels that Israeli sources have said are carrying arms through the Mediterranean to Aqaba.

MARINES: *U.S. to Send 45,000*

(Continued from page 1)

including 110,000 Americans, who are expected to join the multinational force.

The force is backed by 500 combat jets and 70 warships.

It includes contingents from Morocco and Britain, with troops from Syria, Pakistan and Bangladesh expected to join them. France, the Soviet Union, Australia and the Netherlands have warships in or en route to the Gulf.

The foreign troops will join a Saudi force of 66,000 men and 180 combat aircraft confronting an estimated 150,000 to 200,000 Iraqi troops.

Iraq has a million men under arms, with 5,500 main battle tanks and more than 500 combat jets. Baghdad's announcement Wednesday that it was to redeploy troops from its eastern flank with Iran could lead to a significant increase in the numbers facing Saudi Arabia.

In Copenhagen, a Defense Ministry official said that the United States had decided to withdraw all 6,500 troops from an exercise next month by the North Atlantic Treaty Organization in Denmark and northern Germany because of its deployment of forces to the Gulf.

West German warships left for the eastern Mediterranean on Thursday to replace U.S. ships diverted to the Gulf.

A force comprising three minehunters, two minesweepers and a tender left the north German port of Wilhelmshaven and were expecting to reach a base on the Greek island of Crete by Sept. 2, the fleet's commanding officer, Wolfgang Nolting, said. *(AP, Reuters)*

FOREIGNERS: *Iraqi Order*

(Continued from page 1)

official said. Asked if this meant they had threatened to round up Americans, he replied, "Yes."

Mr. Boucher, the State Department deputy spokesman, said that at the meeting with Iraqi Foreign Ministry officials, Mr. Howell would stress that "force must not be used against Americans."

He said he did not know if the order applied to all Americans in Kuwait. Those in Iraq apparently were not affected.

The Iraqis told the U.S. ambassador that the order for Americans to move to the Kuwaiti International Hotel, opposite the U.S. Embassy, "was the result of concern about the American community from unspecified threats," Mr. Boucher said.

"Iraqi authorities asked for compliance within two hours," he said, adding that the ambassador argued that that was "a practical impossibility."

He said U.S. officials were informing Americans in Kuwait about the Iraqi order. But Washington's message about how they should respond was mixed.

"We believe that this action is totally uncalled for," Mr. Boucher said. "Most Americans would be better off in their homes."

A Foreign Ministry spokesman in Moscow said Thursday that all 8,000 Soviet nationals in Iraq were being allowed to leave.

The spokesman, Yuri Gremitskikh, said at a press conference, "No Iraqi official has said their evacuation was being prevented, and I have not heard any mention of limits." *(Reuters, AFP)*

IRAQ: *U.S. Warned of Hazards*

(Continued from page 1)

beloved leader Saddam Hussein," the Iraqi agency said.

Iraqi radio broadcast a message from the minister of defense, General Abdul-Jabbar Shanshal, professing loyalty to Mr. Hussein and endorsing sweeping concessions that the president offered on Wednesday to end the diplomatic stalemate that followed Iran's costly war with Iran, from 1980 to 1988.

In his broadcast address, Mr. Hussein said, "The Arabs, president of the United States of America, are not those rulers who serve you and capitulate to your orders and take part with you in plundering the nation's wealth."

He renewed his call for a holy war against foreign troops in Saudi Arabia, and accused Mr. Bush of attempting to defile Islamic holy shrines there.

Mr. Hussein also attacked President Hosni Mubarak of Egypt for saying that shortly before the Aug. 2 invasion the Iraqi leader had given him assurances he would not attack Kuwait.

Mr. Hussein said he had witnesses "who are still alive" to vouch that he had told Mr. Mubarak he would not use force before the end of negotiations with Kuwaiti leaders in Jidda, Saudi Arabia. The Iraqi Army occupied Kuwait on Aug. 2, about 12 hours after the negotiations ended.

On Wednesday, in a speech at the Pentagon, Mr. Bush said Mr. Hussein had lied to his Arab neighbors about his intentions in Kuwait, and said such dishonesty made him a threat to Saudi Arabia.

"It is Saddam who invaded an Arab state," Mr. Bush said then. "It is Saddam who now threatens the Arab nation. We, by contrast, now seek to assist our Arab friends in their hour of need."

In his reply, the Iraqi president accused Mr. Bush of trying to humiliate Arabs by the use of U.S. military force.

"You're going to be defeated," he said.

"The man you hate most is Saddam Hussein, because his truthfulness to his principles, to himself and to his people and nation makes him their servant and leader, not a servant of foreigners."

Iraq has insisted it has no intention of attacking Saudi Arabia, where about 20,000 U.S. troops already have been dispatched to counter any further Iraqi seizure of the huge oil reserves in the Gulf. Other nations with troops in Saudi Arabia include Egypt, Syria, Morocco and Bangladesh.

In the statement, Mr. Hussein referred to Iraq as "this great Arab nation chosen by God to be the nation of prophets."

Without directly mentioning his own occupation of Kuwait, he said the foreign forces in Saudi Arabia were the true occupiers.

Rejecting demands that Iraq withdraw from Kuwait, he said, "We are on our own land. Kuwaitis and Iraqis are both Iraqis from the beginning."

"There is no going back," he said.

The Iraqi news agency said that President Hussein presided over a meeting of the general command of the armed forces on Thursday and that it decided that withdrawal of troops from Iranian territory would be completed by Wednesday. *(Reuters, WP, AP)*

BUSH: *No Iraqi Message*

(Continued from page 1)

throughout the world for the American-led campaign to isolate Iraq.

"This might send a message to some around the world who need a little leadership in this regard," he said of the Jordanians.

Mr. Bush said he felt that King Hussein had presented his views in the Arab context and was trying to find some way to be helpful, although not as an intermediary for Baghdad.

"I did not bring any message," King Hussein said after the meeting. "I am not talking on behalf of anyone in the area."

Regarding the closing of Aqaba to Iraqi commerce, the king said his government was seeking clarification from the United Nations on what was required under international sanctions against Iraq.

King Hussein gave no indication of any progress on a diplomatic solution. Asked whether he thought such a solution was possible, King Hussein replied, "I suppose one has to have hope."

Mr. Bush said after the meeting that it appeared that the sanctions against Iraq were "beginning to take hold," and he cited a report that Iraqi bakers had been ordered to stop making sweets.

He said there did not appear to be any shipments of oil coming out of Iraq. *(AP, Reuters)*

International Herald Tribune

WEEKEND

☐ *Composer William Schuman*
☐ *Soviets in Hollywood*
☐ *Arts Agenda*

Electronic photomontage by Paul Higdon of The New York Times introduces Groucho Marx and Sylvester Stallone to create a new image of 1945 Yalta conference.

Reality Reels As Photo Tricks Are Refined

With Computers, Images Can Be Easily Manipulated

by Andy Grundberg

EVER since its invention a shade more than 150 years ago, photography has been seen as a medium of truth and unassailable accuracy. Photographs have been used by scientists to map the planets and identify subatomic particles, by police and prosecutors to solve crimes and convince juries, by newspaper and magazine editors to document events around the world — and few think twice about it. In the words of Oliver Wendell Holmes, a photograph serves as a "mirror with a memory."

Today, however, the veracity of photographic reality is being radically challenged. The immediate menace — although by no means the only one — is known as computer imaging, an outgrowth of electronic technology that allows anyone to alter a photographic image at will. Even historically important photographs can be refashioned to provide a new version of the past; in the altered photograph of the Yalta Conference reproduced here, Groucho Marx replaces Joseph Stalin, while Sylvester Stallone adds Rambo's presence.

In the future, it seems almost certain, photographs will appear less like facts and more like factoids — as a kind of unsettled and unsettling hybrid imagery based not so much on observable reality and actual events as on the imagination. This shift, which to a large extent has already occurred in the art world, will fundamentally alter not only conventional ideas about the nature of photography but also many cherished conceptions about reality itself.

As electronic images enhanced by computers replace the light-sensitive film photographs, they will inevitably have an impact on fields ranging from art to the law. Those disciplines based on the veracity of photographic appearances, including photojournalism, will either change radically in appearance or wither.

In the future, readers of newspapers and magazines will probably view news pictures more as illustrations than as reportage, since they will be well aware that they can no longer distinguish between a genuine image and one that has been manipulated. Even if news photographers and editors resist the temptations of electronic manipulation, the credibility of all reproduced images will be diminished by a climate of reduced expectations. In short, photographs will not seem as real as they once did.

The decline in the status of photographs as mirrors of reality is not due solely to the arrival of computerized means for altering them, however. The social perception of the medium, which in the final analysis is what determines its persuasive powers, has changed gradually over the course of its history. In the 19th century, photography's hold on the public imagination was so great that even blatantly faked "spirit" photographs, in which ghosts seemed to hover over the living, thanks to the now commonplace technique of double exposure, were taken at face value. As William M. Ivins Jr. put it in his classic 1953 book, "Prints and Visual Communications": "The 19th century began by believing that what was reasonable was true, and it would end up by believing that what it was a photograph of was true."

The inherent believability of photographs is a result of their origins in optics and chemistry, as well as of their reliance on Renaissance perspective, which to Western eyes seems perfectly natural. When Americans landed on the Moon in 1969, for example, it was neither the crackling radio transmission nor blurry television images that convinced most of the world of the feat. What served as incontrovertible evidence was Neil Armstrong's eerily sharp color photograph of Buzz Aldrin standing on the pockmarked lunar surface, a reflection of the photographer on his helmet.

Yet when Walker Evans was asked if the camera could lie, the great American photographer is reported to have said, "Always." To Evans, a sophisticated Modernist, the camera was "the instrument of symbolic actuality," not of actuality itself. Evans also believed that photography

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The Man Who Is 'Internationalizing' Fine Art in Japan

by Kay Itoi

TOKYO — When a Japanese property developer bought Picasso's "Les Noces de Pierrette" for $51.8 million last autumn, few people knew that Susumu Yamamoto shared the success with Jean-Claude Binoche and Antoine Godeau, the Paris auctioneers who conducted the sale. It was Yamamoto, president of the Fuji Television Gallery here, who organized the world's first simultaneous satellite auction, through which Picasso's 1905 canvas changed hands.

Yamamoto has thus begun something of a revolution in the global art market. Born into a prominent artistic family, an experienced dealer in Western art and employed by one of Japan's leading media conglomerates, the author of this startling innovation could hardly be more appropriately placed.

But if his eye was trained from his childhood onward, Yamamoto's family also taught him the hard way to bring a skeptic's perspective to his profession. As a small boy, Yamamoto recalls that he watched as his credulous father and grandfather lost their collections to local art dealers, exchanging pieces of unusual quality for next to nothing.

"I never wanted to be an art dealer," says Yamamoto. "I saw early on how shrewd they could be."

Yamamoto now describes his ambition as spreading and "internationalizing" fine art in Japan. And his position at the Fuji Television Gallery, a unit of the Fujisankei publishing and television group, has proven a near-perfect vehicle.

Along with other Japanese networks, Fuji Television had spent much of the 1980s developing high-technology communications tools such as satellite systems and high-definition video transmission and display. This was also the moment when Japanese investors first became conspicuous in the world art market, of course, notably with the purchase of van Gogh's "Sunflowers" by the Yasuda Fire and Marine Insurance Co. in 1987.

For Yamamoto, these circumstances presented the perfect occasion to begin realizing his own ambition on a grand scale while extending the applications of Fuji Television's new technology. The missing link came in the form of Guy Loudmer, the Paris auctioneer and a longtime friend and business partner of Yamamoto.

Their collaboration began in 1987, when Loudmer was eager to crack a frontier art market just as it was opening up. Before last November, they held five successful auctions at the Hôtel Drouot in Paris, in each of which Japanese collectors and dealers participated through a screen in a Fuji Television studio, where attendants transmitted bids through a closed-circuit telephone line.

Then came Binoche and Godeau, and along with them the idea of enlivening the bid-by-satellite system by auctioning paintings at both ends. Picasso's "Pierrette" would go on the block in Paris, while 26 Andy Warhol canvases were put up for sale in Tokyo. Both sides participated in both cities, and the simultaneous auction was born.

"The Picasso painting had a rather mysterious past, and it was not particularly well-realized," Yamamoto said after the sale. "But I viewed it as a manifesto by Picasso that he had found his way as an artist."

That perception made the auction an especially poignant occasion for Yamamoto. "I have customarily

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At London's Ivy, Main Course Is Art à la Carte

by Claire Frankel

LONDON — Surprisingly little razzmatazz accompanied the re-opening of London's famous theater restaurant, The Ivy, at the end of June. At the height of its glory days, probably 50 years ago (it was founded in 1911), theatrical bon vivants such as Noël Coward, Vivien Leigh, Rex Harrison and Ivor Novello were regulars, as well as those who liked to rub shoulders with the famous, breathe the same air and order from the same menu. It was London's answer to Sardi's in New York City. Then the legendary Covent Garden restaurant slunk into a painful decade or four when a fish restaurant

The idea was to create something that really belonged.

chain, followed by others, tried to cash in on its cachet — and failed.

But a smash hit is generally revived. Jeremy King and Chris Corbin, owners of the genial Le Caprice just off Piccadilly, decided to have a go with The Ivy. These two restaurants had been married before when Mario Gallati, maître d' of The Ivy between 1920 and 1945, left to open *Le Caprice*. Last September, Corbin and King bought the neglected, triangular Ivy property and renovated it, leaving only the multicolored leaded windows and 1930s-style lettering as a reminder of its earlier incarnations.

Le Caprice is a chic, black-and-white restaurant, decorated with photographs by David Bailey, circus etchings by Peter Blake and a wooden wall sculpture by Eduardo Paolozzi. It was a natural, then, for King and Corbin to commission works of art for The Ivy from friends and customers of *Le Caprice* — some of them Britain's most celebrated artists.

In the midst of the refurbishment chaos, the artists came by to size up their spaces. All of them were given an area to call their own so that, unlike Le Colombe d'Or in Saint-Paul-de-Vence, The Four Seasons in New York or Odins in London, they would have a specific, physical part of the fabric of the building in which to create something that really belonged rather than just hung.

From the outside of the building, at its apex just opposite The Mousetrap (another oldie, opened in 1953), a Patrick Caulfield stained glass window, his first in that medium, attracts attention. Unlike most leaded windows, this one seems to work well from either side.

Howard Hodgkin added a focus to an oak-paneled wall in the main dining room with his whorls of green oil within an oval in a standaway shield of plexiglas. A star-studded collage (Clark Gable, Ava Gardner, Vivien Leigh, et al.) is Peter Blake's nostalgic contribution. The handsome bronze screen at the entry — it looks like it grew there — is by Paolozzi.

THIS is a treasure hunt, with other prizes from Barry Flanagan, Tom Phillips, Joe Tilson, Clive Barker and Liz Rideal. It is quite a lineup.

"I warmed to the idea of doing something that would be an integral part of the architecture," said Allen Jones, who in his sizable East End studio reproduced the same wall angle as the one he had chosen in the restaurant to create his mural.

He considered two ideas. One was a city interior with musicians and dancers and the other, his ultimate choice, a subject removed from the immediate environment. A non-urban subject, he felt, was more apt and interesting for Londoners. He was drawn to places foreign to his European experience.

In his mural, color is used in an impressionistic way, suggesting a

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Among the works done for the restaurant is this mural by Allen Jones, who "warmed to the idea of doing something that would be an integral part of the architecture."

CRITICS' CHOICE

Bern Shows Paul Klee's Last Year

■ In the few months before he died on June 29, 1940, Paul Klee produced about 400 paintings and drawings, almost all of which have been assembled in an intense exhibition at the Bern Kunstmuseum from Aug. 17 until Nov. 4. The curator, Josef Helfenstein, says: "It is in fact his own retrospective. Klee looked back and explored his major themes. His deliberate numbering of the paintings gives the viewer the chance to see, step by step, day after day, the way he created. But it is also a race against time." Klee had been suffering from a rare and painful skin ailment for five years when he realized that he would not last the year. Lucid, emotionally aware but unsentimental, he looked ahead and faced death in such works as "Death and Fire" (above). The exhibition will be seen only in Bern. *(Mavis Guinard)*

The Iron Chancellor in Berlin

■ The career of the Iron Chancellor, Count Otto von Bismarck, is given its most extensive exhibition in "Bismarck — Prussia, Germany and Europe," from Aug. 26 to Nov. 25 at the Martin-Gropius-Bau in Berlin. More than 1,100 exhibits from 250 private and public collections in Europe illustrate the career of the statesman credited as the architect of a 26-year peace in Europe, who, according to the British prime minister Gladstone "made Germany great and Germans small." Standard bearer of Prussia and the monarchy, Bismarck himself described a statesman as one who "hears the sweep of the mantle of God" and has the wherewithal to "jump up and catch at its hem."

Montreux's 45th Musical Summer

■ The 45th festival of Montreux-Vevey on Lake Geneva opens Aug. 25 with a piano recital by Maurizio Pollini, and other pianists scheduled include Claudio Arrau, Lazar Berman and Gustavo Romero (1989 winner of the Clara Haskil competition). The soprano Barbara Hendricks gives several concerts with the Emerson Quartet and other musical colleagues. Yo-Yo Ma and Emanuel Ax cover the Beethoven works for cello and piano, and other chamber concerts bring the Alban Berg Quartet and the violin-piano duo of Shlomo Mintz and Paul Ostrovsky. Orchestras on hand include the Moscow Philharmonic under Dmitri Kitayenko, the Orchestre National de France conducted by Charles Dutoit, the Lausanne Chamber Orchestra under Franz Welser-Möst, the La Scala orchestra and Carlo Maria Giulini and the Moscow Radio Orchestra under Vladimir Fedoseyev. Rudolf Barshai conducts the festival-closing performance of Beethoven's "Missa Solemnis" on Sept. 7.

Frankfurt's Feste '90

■ "Music! What Is Music?" is the motto of Feste '90, a vast program that fills the three concert halls of the Alte Oper from Aug. 16 to Oct. 20, bringing a wide range of music under one umbrella. After opening with Stockhausen's "Hymnen," the program continues with "Bridge Building — From the Neva to the Main," several programs by 230 students and professors from the Leningrad Conservatory (Aug. 22-26). "Frankfurther Sonoptikum" (Sept. 6-9) is a 10-concert survey of the musical century, from 1890 to 1990. "Response '90" (Sept. 18-23) is a contemporary music project involving composers and Frankfurt schoolchildren. Tchaikovsky's 150th birthday is celebrated in several concerts by the Moscow Radio Symphony under Vladimir Fedoseyev. Musical Marionette Theater, under Hans Werner Henze, is scheduled Aug. 30 to Sept. 2; the Orpheus operas of Gluck and Haydn are billed Aug. 29 and Sept. 1; Bach and Boulez are paired in six concerts Oct. 1-6. "Jazz-Pop-Alternative" includes a John Lennon Memorial Sept. 28, a Modern Jazz Marathon, Chick Corea, The Lounge Lizards and others. "Other Cultures" offers a troupe of Turkish Dervishes, the Peking Opera and Latin American music. Concerts by major orchestras and soloists complete the roster.

Jasper Johns Comes to Basel

■ The retrospective of Jasper Johns drawings assembled to mark the artist's 60th birthday by the National Gallery of Art in Washington will be seen in Europe first at the Kunstmuseum in Basel, from Aug. 19 to Nov. 4, then in London. More than 100 drawings, done mostly between 1954 and 1989, show the ideas, motifs and themes familiar from Johns's paintings — the American flag, numbers and targets, letters and maps. *(Mavis Guinard)*

Stresa's Settimane Musicali

■ Stresa, on the shore of Lake Maggiore, and the palaces and gardens of the Borromean islands make beguiling surroundings for the annual Settimane Musicali, from Aug. 23 to Sept. 18. The Moscow Philharmonic plays under Dmitri Kitayenko with Maurice André as trumpet soloist; Vaclav Neumann conducts the Czech Philharmonic with the pianist Garrick Ohlsson, and Carlo Maria Giulini conducts the orchestra of Milan's La Scala. Other concerts offer the contralto Lucia Valentini Terrani in recital, the Beaux Arts Trio, the Vermeer Quartet, violinist Shlomo Mintz and the Amati Trio, and the pianist Rudolf Firkusny. Several concerts are scheduled by young musicians who have been recent prizewinners of leading international competitions.

Computers Help Cameras Lie

Continued from page 7

was the most literary of the graphic arts. Like literature, it seems always to be telling us something, about ourselves and about the world.

Before the announcement of photography in 1839, painting bore the weight of narrating history. Painting was, in the critic Robert Hughes's words, "our index of the real." Its capabilities for description were used to record everything from the success of cave dwellers' hunting parties to the conquests of Napoleon. But photographs usurped that social and cultural function, freeing painters to concentrate on their impressions of the visible world and, eventually, abstraction.

Now, it could be argued, photography stands in much the same place as painting did 150 years ago. Its method of recording reality is no longer as rapid, versatile or cost efficient as electronically based video systems, including television. Like paintings, photographs no longer need to hold a mirror up to life.

This is already calling into question the essential assumptions of those fields, like photojournalism, that depend on the widespread acceptance of photographs as truth. Advertising photography, on the other hand, which has a long tradition of manipulation and fabrication as a means of achieving marketable perfection, may provide a model for how all photographs will look in the future.

Another potential model for factoid photographs is commercial film. Hollywood movies, which are increasingly in thrall to special effects generated by computer-imaging systems, are accountable only to the demands of entertainment, not to those of truth. Films can indulge in hyperbolic fantasies, in which jumbo jets are blown to bits and the Holy Grail is finally discovered, without losing their mass appeal; why not photographs?

WITHIN the last few years the manipulation of photographs by computer has become a fairly simple operation. A special machine "scans" the photographic image (in either negative or print form), creating a computer code of its shapes, tones and colors. Once this code is entered into the computer's memory, the image can be reconstructed, dot by dot, using a conventional keyboard or "mouse" and software designed for the purpose. Colors can be brightened, backgrounds extended, unsightly elements erased. If desired, elements from other photographs can be added to the image, with shadows drawn in to blend them into the scene. The result, while not yet as seamless as a conventional photograph because of its visible dot structure, can be printed out on paper or transformed directly into printing plates. When printed, the revamped image's telltale computer dots are masked by those of the printing plates.

In the field of art, the ability to alter photographs is seen as an opportunity. Graduate students in photography at the School of Visual Arts in New York City are being taught to manipulate photographic images by computer as part of their required curriculum.

A few artists have begun to investigate the possibilities of computer-aided imagery. Nancy Burson, for example, works with David Kramlich, a programmer, to produce computer-generated portraits. She combines several photographs of movie stars to make an "ideal" star, produces such bizarre composites as a portrait of herself as a cat and takes a single portrait image and makes its subject years younger or older. Other artists, like David Em, use computers to create entirely imaginary scenes that bear an uncanny resemblance to photographic reality.

But the same technology that opens new horizons for artists poses a conundrum for photojournalists and their editors. Fred Ritchin, the author of a recent cautionary book about the implications of manipulating photographs by computer ("In Our Own Image: The Coming Revolution in Photography," Aperture), warns that because the magnetic storage disks used by still video cameras are "made to be used again, and each image can be individually erased and recorded over, there is no equivalent to an original, archivally permanent negative."

It is impossible to tell whether an electronic image comes directly from a camera or is enhanced by a computer. As Ritchin puts it, "If an editor or production person alters the image en route to the printer, and the photographer records over the original image, then it is virtually impossible to prove how the image was changed, or even the fact that it was retouched." ■

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Prime Minister Thatcher and President Bush in Aspen, Colorado; rearrangement at right creates an entirely different impression.

Russian Returning Art to Germany

by Jo Ann Lewis

MORE than 360 master drawings and watercolors and two small paintings by Dürer and Goya, presumed lost from a German museum during World War II, are about to be returned to the museum by a former Soviet army officer who carried them to Moscow in a suitcase 45 years ago for safekeeping.

According to Siegfried Salzmann, director of the Kunsthalle in Bremen, West Germany, the works were rescued from mold and from pilfering Germans and Soviet soldiers at the end of the war by Viktor Baldin. The Soviet officer, who is now 72 and a retired architect, restorer and museum director, came upon them in the ruins of a castle 90 miles north of Berlin, where museum officials had placed them for protection against Allied air raids on the port of Bremen.

The hoard constitutes one of the largest and most valuable collections of art to be returned to any German museum since the Allies redistributed thousands of works found hidden in German salt mines after World War II. At its "heart," said Salzmann, are 28 drawings and watercolors by 16th-century German artist Albrecht Dürer. Included are 362 Old Master and modern drawings and watercolors by Raphael, Goya, Rembrandt, Rubens, Delacroix, Manet, Monet and Degas and what is said to be van Gogh's only known drawing for his famous painting "Starry Night."

The works were among 4,000 works of art that had been taken to the castle for safekeeping. "There are still 1,500 pieces missing from our collections," said Salzmann. "This is only a part, but a valuable part. Other soldiers brought these things to Western countries, and we picked them up from art dealers." ■

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INTERNATIONAL ARTS AGENDA

AUSTRIA

Salzburg

Salzburg Festival To Aug. 31 (tel: 80.72.0). "Don Giovanni" (Mozart) Riccardo Muti conducting, staged by M. Hampe (Aug. 20, 23, 30). "Idomeneo" (Mozart) Seiji Ozawa conducting, staged by Nikolaus Lehnhoff (Aug. 19, 29). "Cosi Fan Tutte" (Mozart) Riccardo Muti conducting, staged by M. Hampe (Aug. 21).
Residenzgalerie (tel: 80.42.22.70). To Sept. 1: "Masterpieces from the Guggenheim Museum," includes 40 works by artists including Brancusi, Chagall, Kandinsky, Franz Marc, Picasso.

ENGLAND

London

Anthony d'Offay Gallery (tel: 499.41.00). To Aug. 17: Joseph Beuys: The End of the Twentieth Century: an installation from the years 1983-85.
British Museum (tel: 580.17.88). To Sept. 2: "Fake? The Art of Deception," the art of the imitation masterpiece illustrated in 600 exhibits.
Museum of the Moving Image (tel: 928.35.35). To Sept. 12: "Dream Merchants" documents the making and the marketing of Hollywood films during the period 1920-1950.
Royal Academy of Arts (tel: 734.90.52). To Oct. 21: The Edwardians and After: Paintings and Sculpture from the Royal Academy's collection, 1900-1950. To Aug. 19: 222d Summer Exhibition, displays 1,204 works by artists working today.
Tate Gallery (tel: 821.13.13). To Sept. 2: "On Classic Ground: Picasso, Leger, de Chirico and the New Classicism, 1910-1930" includes many works by lesser known artists from France, Italy and Spain.

FRANCE

Aix-en-Provence

Musée Granet (tel: 42.38.14.70). To Sept. 2: Cezanne and Sainte-Victoire: a loan exhibition of 30 paintings and watercolors by Cézanne of the Montagne Sainte-Victoire and environs, complemented by works by other artists.

Chartres

Festival of Organ Music, until Sept. 2 (tel: (16) 37.21.54.03). Chartres Cathedral: concerts every Sunday.

Lyon

Musée des Tissus (tel: 78.30.50.66). To Aug. 20: Louise Bourgeois: a retrospective of the sculptor's work from 1939 to 1989.

Saint-Paul-de-Vence

Fondation Maeght (tel: 93.32.81.63). To Oct. 7: A Joan Miro retrospective includes loans from many collections.

Paris

Bibliothèque Nationale (tel: 47.03.81.26). To Oct. 15: "Couleurs de la Vie," a touring exhibition dedicated to the victims of genocide in the 20th century, including works by Gorky, Soulages, Tapies, Helion and Kolar.
Centre Georges Pompidou (tel: 42.77.12.33). To Sept. 10: A touring Andy Warhol retrospective from the Museum of Modern Art in New York features over 200 works.
Fondation Cartier, at Jouy-en-Josas (tel: 39.56.46.46). To Sept. 9: "Andy Warhol System," 90 prints from between 1962-87; advertising commissions, photographs.
Musée Bourdelle (tel: 45.48.67.27). To Sept. 30: Artists of La Coupole, 1918-1940: works by Paris-school artists of Montparnasse including Leger, Pascin, Foujita, Soutine, Zadkine, Giacometti.
Musée du Louvre (tel: 42.60.39.26): To Nov. 12: Guercino in France: 20 drawings and 36 paintings from French public collections by the 17th-century Italian artist. To Dec. 31: French Neoclassical sculpture from 1760 to 1830: displays 89 works.
Musée d'Orsay (tel: 40.49.48.14). To Sept. 30: "An American Newspaper in Paris, James Gordon Bennett and the New York Herald."
Chateau de Versailles, Saturday Music Series (tel: 39.49.48.24). Concert series of French music in the royal chapel Saturdays through November 3.

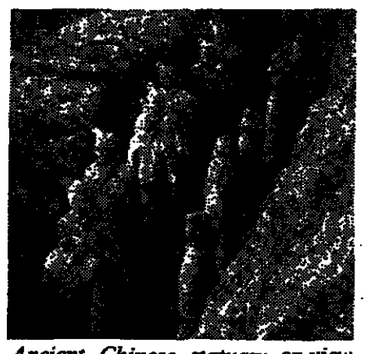
Strasbourg

Eglise Saint-Paul To Oct. 7: "Mémoires d'Egypte," a documentary exhibition on the father of Egyptology Jean-François Champollion (1790-1832).

WEST GERMANY

Bayreuth

Richard Wagner Festival To Aug. 28. "The Flying Dutchman" Giuseppe Sinopoli conducting, staging by Dieter Dorn, sets by Jurgen Rose (Aug. 19, 27). "Lohengrin" Peter Schneider conducting, staged by Werner Herzog (Aug. 18, 27). "Das Rheingold" (Aug. 21), "Die Walkyure" (Aug. 22), "Siegfried" (Aug. 24), "Gotterdammerung" (Aug. 26), Daniel Barenboim conducting, staged by Harry Kupfer. "Parsival" James Levine conducing, staging by Wolfgang Wagner (Aug. 20).



Ancient Chinese statuary, on view in Dortmund.

Berlin

Museum für Volkerkunde (tel: 88.01.1). To Oct. 14: Gods of the Himalayas: a comprehensive survey of Tibetan art and artifacts from the Gerd-Wolfgang-Essen collection.

Cologne

Museum Ludwig (tel: 221.23.79). To Sept. 16: Max Ernst: printwork and book illustrations. To Sept. 30: "African Sculpture: Inventing the Figure."

Dortmund

Museum am Ostwall (tel: 579.575). To Nov. 11: "The First Emperor of China and his Terracotta Army." Among 90 exhibits are warriors and a bronze chariot from the tomb, containing seven thousand life-size figures, of the 3d century B.C. emperor Qin Shi Huang Di.

Essen

Villa Hügel (tel: 188.4837). To Nov. 4: "Saint Petersburg in 1800: Masterpieces from the Hermitage Collections," includes 555 works of art and artifacts.

Nuremberg

Nationalmuseum (tel: 13.31.0). To Sept. 30: Over 1000 exhibits trace the history of the medieval military religious order the Teutonic Knights.

ITALY

Bologna

Galleria d'Arte Moderna (tel: 50.28.59). To Sept. 2: Giorgio Morandi: collections the world over have contributed to this retrospective of 280 works by the artist honoring the centenary of his birth.

Florence

Palazzo Vecchio To Sept. 16: "The Age of Masaccio" 109 works by 15th-century Tuscan artists.

Milan

Palazzo Reale (tel: 87.19.13). To Sept. 30: From Leonardo to Tiepolo: 37 Italian paintings on loan from the Hermitage Museum in Leningrad.

Rome

Palazzo delle Esposizioni To Aug. 26: Peter Paul Rubens: the focus of the show of over 100 paintings, drawings and prints is the artist's work in Italy, 1600-1608.

Venice

Fondazione Cini (tel: 52.899.00). To Aug. 28: "Mondrian and De Stijl and Masters of the Modern Ideal," includes paintings by Mondrian, Delaunay, Kandinsky, Klee, Malevich, and Picasso from the Guggenheim Museum in New York and the Peggy Guggenheim Collection in Venice.
Palazzo Ducale (tel: 249.51). To Oct. 7: Titian: 100 paintings, drawings and frescoes are on view to honor the 500th anniversary of the artist's birth.

Verona

Verona Festival To Sept. 2 (tel: (45) 59.01.09). "Aida" (Verdi) Aug. 18, 23, 29; Sept. 1. Tosca (Puccini) Aug. 19, 21, 25, 31; Sept. 2.

JAPAN

Tokyo

Art Forum Yurakucho (tel: 286.5636). To Aug. 28: The Intimate World of Alexander Calder: 270 objects and sculptures by the artist.
Sezon Museum of Art (tel: 5396.3374). To Sept. 2: "The Treasures of the Golden Pharaohs," featuring 56 antiques from the Egyptian Museum collection.

SCOTLAND

Edinburgh

Edinburgh Festival Aug. 12 to Sept. 2 (tel: 836.404.990). The arts of Japan and of Eastern Europe are the principal themes of this year's festival. The Slovak National Opera and Ballet performs "Faust" (Gounod) Aug. 20, 24, 25 and "Prince Igor" (Borodin) Aug. 22, 23, with Oliver Dohnanyi conducting, "The Whirlpool" (Eugen Suchon), conducted by Jonas Alexa, Aug. 27, and "Juliette" (Martinu) under Victor Malek Aug. 29, 30. Contemporary Japanese theater includes the Ninagawa Company's production of "Sotoba Komachi" by Yukio Mishima Aug. 20-22. Through Aug. 18: "King Lear" and "A Midsummer Night's Dream" by the Renaissance Theatre Company.
National Gallery of Scotland (tel: 556.89.21). To Oct. 21: "Cezanne and Poussin: The Classical Vision of Landscape." An international loan show of landscape drawings and paintings by the two artists from various periods of their careers.

SWITZERLAND

Lucerne

Lucerne Festival Aug. 15 to Sept. 8 (tel: 23.35.82). The focus is music of the turn of the century. Symphony concerts include: Gustav Mahler Youth Orchestra, Vaclav Neuwmann conducting, Thomas Hampson, soloist (Krenek, Mahler, Dvorak), Aug. 17. Swiss Festival Orchestra, Zdenek Macal, conducting (J. Kubelik, Martinu), Aug. 18. Swiss Festival Orchestra, Michael Gielen, conducting (Schreker, Schumann, Zemlinsky), Aug. 22. San Francisco Symphony, Herbert Blomstedt conducting (Strauss, Bruckner), Aug. 25.

Zurich

Kunsthaus (tel: 251.67.65). To Oct. 21: Landscape in Light: 200 works by European and American Impressionists. Includes paintings by Monet, Pissarro, Sisley, but the focus is on Scandinavian, Russian, Swiss and other lesser known adherents of the school.

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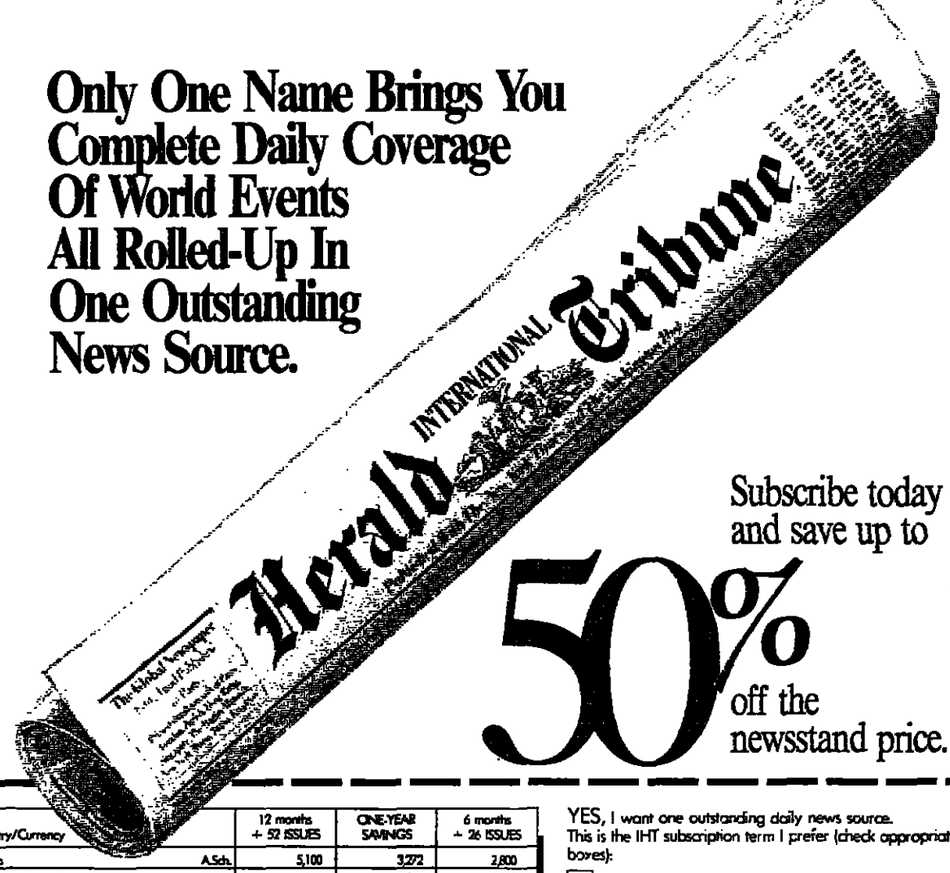

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ACROSS

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5 Talking horse on TV
9 Part of a steeple
14 An anagram for male
15 Tops
16 Baseball's Big Poison
17 Agreements in Nantes
18 With 64 Across, first line of a Gershwin hit song
20 "Gunsmoke" star
22 Dress-shirt fastener
23 Unclose, to Shelley
24 Highwayman
26 Hide's companion
28 Shield
30 Scythe handle
34 Do something
37 Nimble, to René
39 Berlin's "—— Be Surprised"
40 With "You," line after 64 Across
44 The Brinker boy
45 ". . . woes that wait —— ?": Byron
46 Kind of strike
47 Ancient ascetic
50 Zeno's classrooms
52 Poet Walter —— Mare
54 Footstool
58 Healer at Valhalla
61 Streamlet
63 "Such ——!"
64 See 18 Across
67 Computer input
68 Late queen of Romania
69 Formerly, once
70 Cupid
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2 Bull: Comb. form
3 —— acids
4 Monetary unit in Zaragoza
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9 Jenny Lind's home
10 Nominal value
11 The lowdown
12 Enlist again, in G.I. argot
13 —— Wilson, Aussie novelist
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21 What Circe cast
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29 Watergate figure
31 Civil wrong
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35 Cartoonist Addams
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38 A sister of Thalia
41 Secondhand
42 People with "I" trouble
43 Daring deeds
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49 Author Wiesel
51 Stravinsky's "L'Histoire du ——"
53 Allen had one
55 Home of the N.B.A.'s Heat
56 River in a Burns poem
57 Comes close
58 Salinger girl
59 Muslim priest
60 Exceptional
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65 Part of a cinema dog's name
66 Bull Halsey's dept.

Solution to Previous Puzzle

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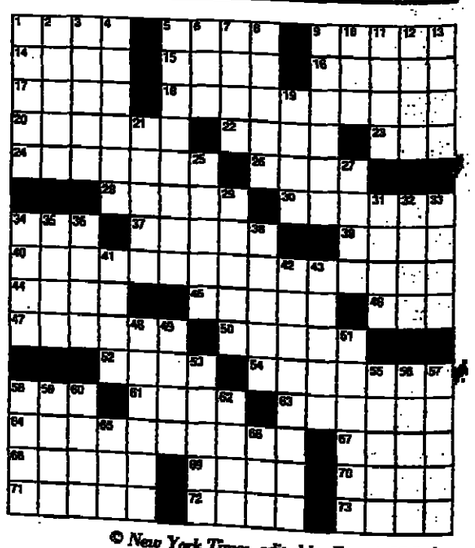

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WEEKEND

Mosfilm Goes Hollywood

by Larry Rohter

BURBANK, California — James Cagney, Pat O'Brien and Humphrey Bogart made "Angels With Dirty Faces" on this set, and Warren Beatty used it when filming "Dick Tracy."

The so-called Tenement Street lot at the Warner Brothers studio here is hardly the place one would expect to find a Soviet film crew at work, but a Soviet actor, Lev Lemke, playing Leon Trotsky, stood patiently in front of an apartment building facade the other morning, waiting for a cue from his director, Leonid Maryagin.

For the first time since the advent of Communist rule in the Soviet Union more than 70 years ago, say Soviet and American film executives, a Soviet movie company is shooting a feature film in the United States, and Soviet actors and technicians are learning about Hollywood locations and methods.

As Viktor Dyomin, a Soviet screenwriter, was quick to note, the historical drama being filmed here, called "Bukharin: Enemy of the People," is itself a sign of the new atmosphere that prevails under President Mikhail S. Gorbachev.

Offering a sympathetic portrait of Nikolai Bukharin, the Bolshevik who challenged Stalinist orthodoxy and who was executed for treason, it boldly deals with themes and personalities forbidden in the Soviet Union just five years ago.

"Bukharin wanted the peasants to be rich and the jails empty, so that makes him close in spirit to Gorbachev," Dyomin said as he sat on the stoop of a fake brownstone, sipping iced tea. "In my opinion, Bukharin was a man trying to find the right way, Trotsky was a brilliant orator who was also a fanatic on questions of Communist ideology, and Stalin was a devil. All revolutions are a lie, and most of the people involved in them become extremists."

MOST of "Bukharin: Enemy of the People" has already been shot in the Soviet Union. It is to be released worldwide late this year or early in 1991.

But Dyomin's script calls for sequences showing Bolshevik exiles on a Paris street, at the Vienna Zoo and in New York circa 1916. After a scouting trip to several studios here earlier this year, the production team decided it was logical to shoot those scenes in Hollywood.

Burt Glinsman for The New York Times

Lev Lemke as Trotsky.

"I must say without any false patriotism that our Soviet nation can build anything, but at what price?" Maryagin said. "Here everything has already been done, so it is less expensive and meets our needs."

"Enemy of the People" is being made by Mosfilm, a conglomerate of six Moscow studios of 5,000 employees that turns out about 50 movies a year.

"We are the largest studio in Europe," said Vladimir Nammov, the 62-year-old screenwriter and director who heads Mosfilm. Nammov said he hoped to take maximum advantage of the fact that the Soviet film industry is "drunk with full and absolute freedom after many years of oppression by bureaucracy and the state."

Once work got under way, American crew members quickly learned that Soviet filmmakers work in a style completely unlike that of Hollywood's, preferring to rehearse a scene over and over until the director feels they are ready and then shooting only two or three takes.

"Film is expensive there but time is not," said an American technician working on the production. "For us, it's the other way around, so we have a tendency to just let those cameras keep rolling."

Between takes, the mood on the set was casual and friendly, with Soviet crew members pinning small red badges depicting the Kremlin and other Soviet landmarks on the shirts of their American counterparts.

Alexander Romantsov, a top Soviet movie star who plays the title role, relaxed by delivering a speech of Lenin's in a bombastic manner from a third-floor fire escape, reaping puzzled looks from the Americans but laughter from the other Soviet film crew members.

But on the morning Trotsky is being filmed waiting on a Lower East Side street in New York while Bukharin hangs his laundry on the fire escape up above, there is a mishap.

SHOOTING had been completed and props were already being removed when it was discovered that the wrong film had been inserted in the camera, an error that forced the cast to do everything in the scene over again and brought Maryagin's wrath down on his crew.

"They have forgotten why they are here in America," the director said, irritation in his voice. "Put them in a nice hotel, and right away they want to relax instead of concentrating on their work. The Americans are working much harder, and if this keeps up, I am going to send them home and just use the Americans."

For the most part, though, the Soviet team has worked quickly and efficiently.

"They are ahead of schedule and under budget, and you can't ask for more than that," said Dann Moss, a producer and lawyer who is acting as the film's American co-producer and who holds its international distribution rights.

Romantsov, who plays Bukharin, said he has been watching a lot of American movies and television programs and "sleeping only two or three hours a night." From that exposure, he said, he has gained an insight into American acting methods and an admiration for the tone and structure of the typical Hollywood production.

"I know that American films are often criticized for their happy endings, but I do not agree with this," Romantsov said. "I think that this is a remarkable quality, which gives the spectator hope and builds a healthy soul for the nation, so I like it.

"In Russia," he added, "there are no happy endings." ■

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Schuman at 80: A Life on the Tonal Path

by Vivian Perlis

NEW YORK — "I like attention being given to special birthdays," says William Schuman, "especially when it means performances. I think anything that draws attention to your music and gives a pat on the back is a titillation, but as someone said, 'Flattery is okay if you don't inhale.'"

Schuman — who was 80 on Aug. 4 — has been a major figure in American music for many years, as a composer and administrator. He was an innovative educator at Sarah Lawrence College, a youthful and effective president at the Juilliard School (1945-62) and the first president of Lincoln Center for the Performing Arts (1962-68). Composing, however, has been the central path of his life, and his road has been constant, within traditional forms and tonal systems.

During the last half of the 20th century, musical composition has taken many different directions, most of them away from the kind of modern tonalism favored by the composers who established an American musical sound earlier in the century. They were criticized as being outside the music of the times — composers like Schuman, Aaron Copland, Samuel Barber, David Diamond and Ned Rorem.

As the century nears its end, there has been a return to tonality and music that is more accessible. A great deal of attention has been paid to composers who have made dramatic turnarounds to a "new romanticism." There has been less hoopla about those who stayed on the tonal path all along.

Birthday tributes to Schuman began early this year, including performances of various works by the Philadelphia, Boston and Minnesota orchestras. "One of the pleasures of being around so long," says Schuman, "is that members of the great symphony orchestras come up to me now to say that they first played 'George Washington Bridge' and the 'Chester Overture' when they were in their high school bands. When I wrote those pieces I always had that in mind. I love young players to experience this music when they are very young."

He continues to produce new works. In the interview in his country home in Greenwich, Connecticut, the composer said he intended to add more chamber music and perhaps more opera to a body of work that reflects an emphasis on symphonic, choral and band music. Schuman explained, "I was so naive when I started out as a composer. (I think I'd be the same today, however.) I had the idea that a composer wrote symphonies. So you started your career by writing symphonies, no matter whether you had the equipment to do it. I eventually wrote 10 of them." Of several recent pieces, the most important is his String Quartet No. 5. Composed in 1987 for the New York International Festival and first performed by the Orford Quartet, it will be heard again this fall in the Chamber Music Society of Lincoln Center series. Among other recent chamber music pieces are "Dances: Divertimentib for Wind Quintet and Percussion" (1986) and "Awake Thou Wintry Earth" for clarinet and piano or flute and bassoon (1987).

Two major works composed recently gave Schuman an opportunity he relishes — to work with poets. "On Freedom's Ground," a cantata for baritone, chorus and orchestra, was composed for the 100th anniversary of the Statue of Liberty, in 1986. The text is by Richard Wilbur. "A Question of Taste," a new opera, has a libretto by J.D. McClatchy based on a story by Roald Dahl.

William E. Sauro/The New York Times

Schuman: "My job is to write the best music that I can write."

Schuman stresses the importance of words and is determined that they be heard and understood in his work. "The words are basic in opera, and I'm all for supertitles when it's another language."

At a rehearsal of Schuman's cantata version of the baseball opera, "Casey at the Bat," for a performance in July, the conductor, Leonard Slatkin, ran from the podium out to the hall and back several times to check the balance between the Pittsburgh Symphony, the narration by Gene Shalit, and the performers, many in borrowed Red Sox uniforms.

Slatkin, music director of the St. Louis Symphony, and a staunch supporter of American composers, talked about Schuman during rehearsals of "Casey."

"The first thing to remember is that Bill qualifies as one of the handful of true symphonists who produced an extraordinary body of works trying to maintain the performance structure of the classic symphony. He and his contemporaries can be thought of in American culture as the great symphonists of Europe in the last century. Where Bill differs from his colleagues is that he has a highly urban style of writing. It smacks of city life. There's an urgency, even though there's great lyricism. You can't go two or three bars without recognizing Bill's voice. That what I think will stand him in good stead as the years go by."

As for his own status, Schuman says, "One thing I love about being a composer is that I don't have to evaluate anybody's music, even my own. My job is to write the best music that I can write, and there are always people around who will evaluate it. It might be flattering or demeaning, but it doesn't matter, because in the long pull there's a body of opinion that creates a consensus. There's nothing much you can do about that. It's rather a comforting thought."

Slatkin sheds some light on the situation from a conductor's standpoint. He thinks much American music did not get into the repertory because of jealousy over symphonic works among conductors.

"Stokowski and Koussevitzky fought over the rights of pieces and stayed away from each other's repertory," he explained. "There was an emphasis on first performances that also prevented a lot of music from being heard with any degree of regularity." As for the current scene, Slatkin views what is happening as a natural historical assessment of a century as we near its close. "Now we see the contemporary composers looking back, and all of a sudden we look on Schuman as an influence. It's continuing the historical line."

Schuman is not involved to the extent he once was in organizations and boards. But he remains au courant about that world, and in particular says he is "deeply concerned" about the threat that the National Endowment for the Arts could be abandoned.

"Constant vigilance has to be exercised to get it back on track," he says. He also retains his interest in many of the groups with which he once worked closely, including the MacDowell Colony, Lincoln Center and the Juilliard School. He believes in the emeritus status. "If you do your emeritus role correctly," he says, "you wait to be asked. It's good for the organization, and it's also good for you. I remember when Aaron didn't write so much any more, and I asked him why that was. I've never forgotten his answer. He said, 'Bill, appetites change.'"

COPLAND is one of the few composers who has made a good living from his music without taking a teaching or administrative position to supplement his income. He and other colleagues, Samuel Barber among them, admitted that they could not have been so independent if they had had families to support. Schuman calculates that he would have been in his mid-40s before he could have supported a family by composition alone.

"I wanted a family and had to find some other way of subsidizing myself," says Schuman, who is married and has two children. "There were things I really wanted to do. Administrative work interested me more than teaching, and I never found it a handicap. Composers who are teachers, and many are wonderful teachers, face the danger of inhabiting the academic world instead of the jungle out there, which is where composers belong."

Schuman is 10 years younger than Copland. Those years made an enormous difference when Copland was 35 and Schuman 25.

"Aaron always thought of me as being the young man he first discovered," Schuman remarks. "I love this story: There was a big celebration for Aaron's 80th birthday at Symphony Space in New York, and I had some songs on the program. Afterward, Aaron marched down the aisle, put his arm around me, patted me on the back, and said, 'Bravo, my boy.' It was wonderful to have him still feel that way.

"It's hard for me to realize that I am no longer the youngest composer in America. I recognize now that there must be some that are younger. Well, the difference between 90 and 80 is not as great as between 35 and 25, but even when I visited Aaron recently, he patted me on the back and said, 'My boy.'" ■

Vivian Perlis, director of oral history, American music, at Yale University, and the co-author of Aaron Copland's autobiography, wrote this for The New York Times.

Susumu Yamamoto *Continued from page 7*

been attracted to work that declares the artist's identity, how he understands and represents his generation," he says, "and I have always sought to deal in such works."

"The Picasso painting had a rather mysterious past, and it was not particularly well-realized," Yamamoto said after the sale. "But I viewed it as a manifesto by Picasso that he had found his way as an artist."

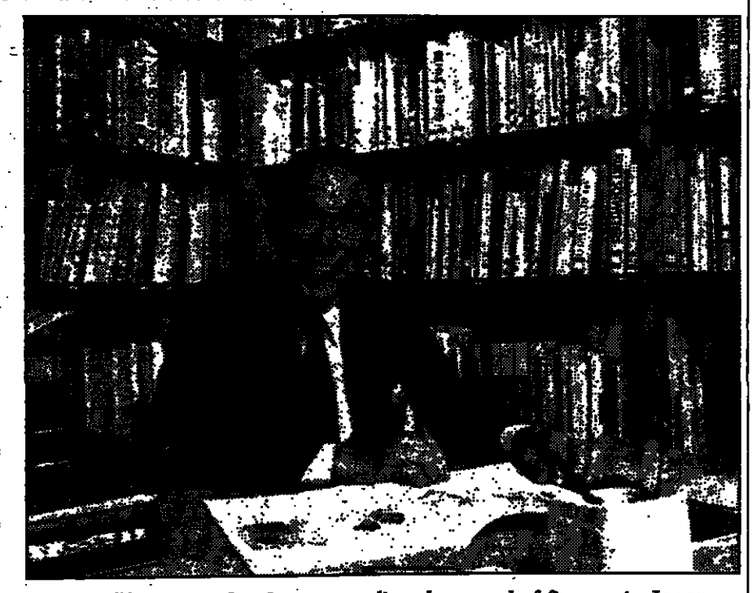
That perception made the auction an especially poignant occasion for Yamamoto. "I have customarily been attracted to work that declares the artist's identity, how he understands and represents his generation," he says, "and I have always sought to deal in such works."

Not *always*. After growing up amid a treasure of traditional Japanese art in Kanazawa, a provincial city north of Tokyo, Yamamoto graduated from Kansai University and joined the Japan Self-Defense Forces, a young man essentially without direction except for an avid interest in mountain climbing. It was only after a vacation from the military, during which he saw the collection of modern Japanese paintings at the Ishibashi Museum, that he "found art" again — and a profession for the first time.

After managing the foreign art section of the Fujikawa Gallery in Osaka for 12 years, Yamamoto was invited to help organize a sculpture competition sponsored by the Fujisankei group. He stayed, establishing the Fuji Television Gallery the following year.

Twenty years later, the Japanese market is booming, in part due to the independence with which the Fuji Gallery has been permitted to operate under Yamamoto's direction. Of $550 million in total sales at the Christie's and Sotheby's auctions last spring, art worth $340 million went to Japanese buyers, a fact that brings Yamamoto's skepticism fully to the fore.

Last spring Yamamoto held two series of satellite auctions with Guy Loudmer, the first featuring Fauve artists from the well-selected Madame Bourdon Collection and the second including many small Picassos, Chagalls and Bernard Buffets. The first went almost unnoticed by the Japanese, while at the second Japanese buyers took almost half the offered lots.



Susumu Yamamoto has been spreading the gospel of fine art in Japan.

"I'm afraid the Japanese are not mature enough to understand the Bourdon collection. They don't know how much to spend on what," Yamamoto says. "I also have my doubts about many sales organizers trying to sell only 'Japan Brand' works. We are not here only to satisfy investors."

But he is not entirely pessimistic. The second sale was popular here not only because it had many Japan Brand paintings — a reference to the French Impressionists and a few renowned modernists. It also sold because the auction was transmitted by satellite to Hiroshima and Osaka for the first time, enabling more Japanese collectors to participate.

"Making auctions familiar occasions in Japan is what we are aiming at, and technology will continue to help," Yamamoto said. "I want the Japanese to get used to auctions — and to make better purchases."

According to Loudmer, Japan is now among the three leading art markets, after New York and Europe. Not surprisingly, he is closely involved in plans to promote Paris auctions throughout Japan by extending the use of satellite facilities to Fuji Television's 27 local stations.

That should keep Yamamoto busy, too. He once explained that dealing is like acting as matchmaker. "You must be really fond of the girl in order to introduce her to somebody," he said. "And you are concerned about the environment, how and to whom she gets married." ■

Art à la Carte *Continued from page 7*

steaming, exotic landscape of yellow, aqua, pale blue and a dominant red. Just out of the pool of light on either side of a figure, clearly an outsider, has climbed the branch of a tree to watch a male dancer/maenad cavorting on an American Indian blanket. "It's important to have iconographic detail to ponder while you wait in a restaurant," said Jones.

The blanket in the foreground of the painting, which he copied from one he bought during a California stint, has a colorful pattern, forcing the eye to settle on it and perhaps create the impression that it might be a clearing for the exuberant dancer.

"I intended to make a hot picture," said Jones. He succeeded.

At 26, David Gryn is by far the youngest artist exhibited and he said he feels "honored to be among those whom I've always admired." Most people are hungry and impatient when they arrive at a restaurant. Gryn knew that his painting would hang next to the entry door (just across from the Paolozzi screen and Caulfield's window) where most diners breeze in, unlikely to glance at nearby works of art. But on their way out, movement is slower and chances are they may linger.

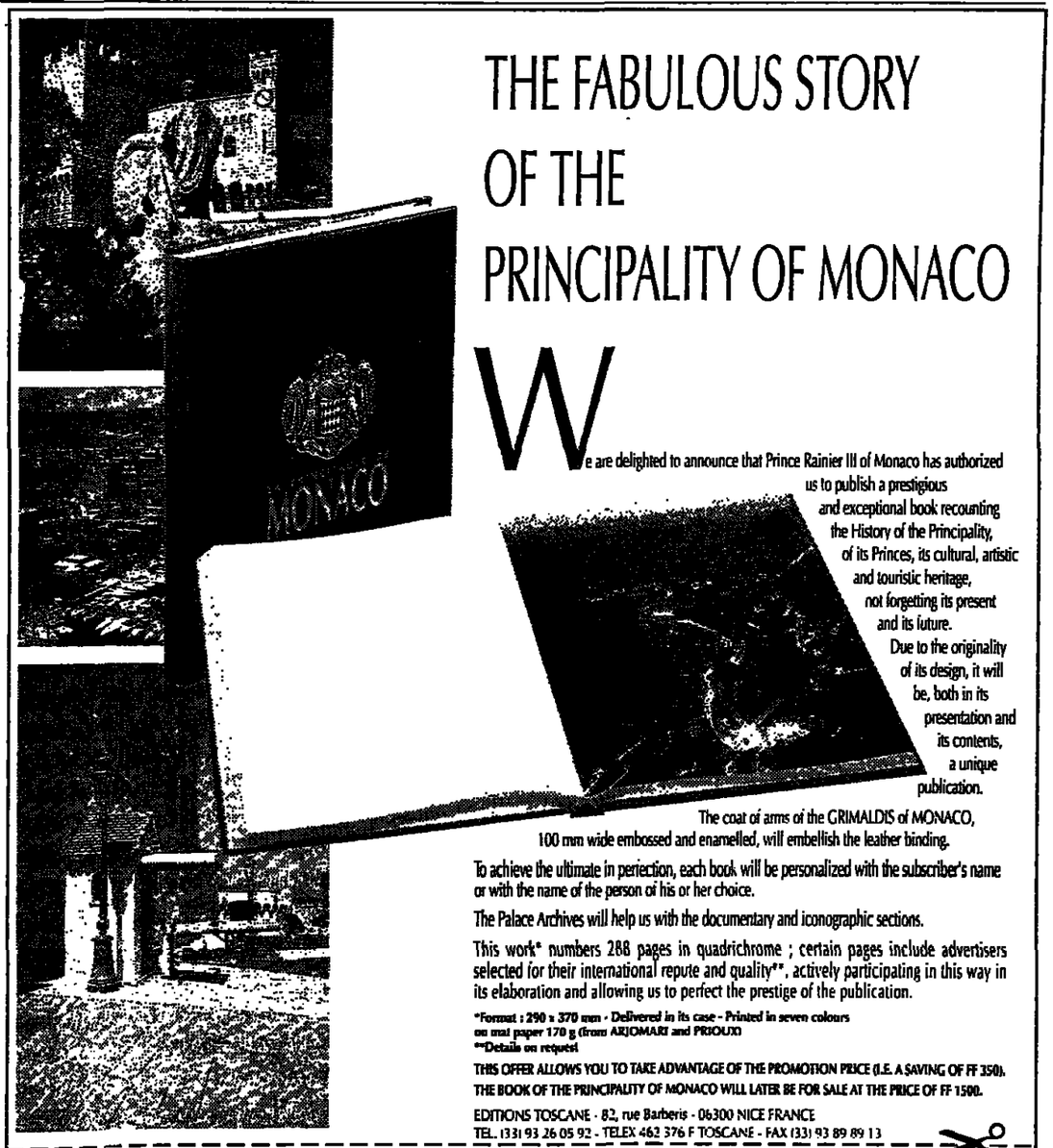
"I wanted a direct idea with memory attached to it, not anything clever or complicated," he said. A pattern of diamond shapes replicates, in proportion, the adjacent, original, leaded window. This forms the subtle background design for a single, luminous candle that casts a rewarding glow in the hallway.

Corbin and King want their customers to settle into the comfortable new/old ambience, to partake "for the right reasons," not for any theatrical hoo-ha or café society "in" reason. They and their well-informed staff will happily supply the artists' names on request — neat captions do not appear next to each work. After all, this isn't an art gallery, it's just a restaurant.

A glance at the eclectic menu (the back designed by Tom Phillips) seems in order. A single large page announces, in English, Italian and French, many favorites transferred from Le Caprice — not surprising since its chef, Tony Howorth, is now ensconced in The Ivy kitchen. You can be English and order salmon fish cakes or roast Gressingham duck with bubble and squeak (a "cake" made of potato, spinach and cabbage), followed by summer pudding (soft summer fruits in a bread mold), ending with a savory like cheese or herring roe on toast. Or you could be French with a *plateau de fruits de mer*, *cassoulet de Toulouse* or *carré d'agneau des Alpes* with *tarte aux pommes Chantilly* or *mousse aux deux chocolats* for dessert.

Two for lunch or dinner (three courses without wine or service) can cost under £40 ($75). While there is a £1.50 ($2.80) cover charge, no problem arises if you want to order only one course — a real plus. The other plus is that it's very good. The Ivy, 1 West Street, tel: 071-836-4751. ■

Claire Frankel is an American journalist who lives in London.



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MEDIAPOLIS - NICE FRANCE

NYSE

Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued on Page 13)

NYSE Highs-Lows

NEW HIGHS 9

AmBarrick s
EnterraCp
vWhtPlt pfB
B.J Svcs n
SignalApri pf
Borold
Texaco pfC
Brit Pet
Tidewatr

NEW LOWS 148

AAR Cp
AmBase
BRT Rlty
BancFlorida
CISNA Cp
CmtyVPS
Constar
DeltaAirl
Essm Util
EvansExpress
Fidelcare
FtNorstr ad
GalaxyLw pf
GenMotors
GuardsPr s
HartfordSte
Interfst
K Mart
LA Gear s
LondmkBnc
MCN Cp
Mellon 10pp
NCNOW pf
NIm 6TIEP
OilsCo
Oxford Ind
Premark
PrudBkVnc
StLiseFn n
StratusClr
ThermoEl
TmesMirNwn
UDC Devl
UnionCp
USLIFE Cp
VulcanMatl
WhtmanCp
AmMorgan
AmTr-gvt sc
AmTr-hwa prm
Broadcstr n
CmstProLf
DentLabs
FtwaJohn
HALInc
Jostyns
MC Ship
MarkMdlB s
MerrMarker
PamerLnd
SierraCapit s
TurnerBrdB
WRIT
AmExpInt
AmTr-gvt sc
AmTr-hwa prm
Atlantic
CAM Corp
CmtyPSF A
Elsevr n
ForestCty A
Hem Warn
Kenrly
MSA Rlty
MetroRlty
PennMM
PrstFlt
Shoney
VoderCp
AmStored
AmTr-gvt prm
B&H Mar
Colecop
DentTchBrn s
EmmerSt
GlatfelCp
HovnanEnt
LondonPc
MarchFds
MerrLP InHM
PenobscNw
RaponBrad
SunArmAir
VicomB n
AlldIrish pf
Arkla Inf
BallGSE
BarnetBks
Crmkwsn n
CmtyPrd
DataGnrl
DymoCp Am
Eaglemrk
FlelcrVal
GTE Cp s
GenData
GreenyRbb n
HomeFed
InfoAmtn
KLM Air
KnightRid
Lomprse
MCA Inc
MesaAir Int
Monsanto s
NelmMar
Ohio Edison
PaneTelb
Publick Ind
RoadHoll
StdPacLP
Tecumseh n
TolSpros
UDC pf
UnCarbide
UtdWtr
WhtmPr n
WeyerhsrPr
WolvrWW

AMEX Highs-Lows

NEW HIGHS 2

AIFS
ElkstnNk wt

NEW LOWS 61

ActionCp
AmTr-gt12 sc
AmTr-hwa prm
Broadcstr n
CmstProLf
DentLabs
FtwaJohn
HALInc
Jostyns
MC Ship
MarkMdlB s
MerrMarker
PamerLnd
SierraCapit s
TurnerBrdB
WRIT
AirpotHtl
AmTr-dow pr
Atlantic
CAM Corp
CmtyPSF A
Elsevr n
ForestCty A
Hem Warn
Kenrly
MSA Rlty
MetroRlty
PennMM
PrstFlt
Shoney
VoderCp
AmStored
AmTr-gvt prm
B&H Mar
Colecop
DentTchBrn s
EmmerSt
GlatfelCp
HovnanEnt
LondonPc
MarchFds
MerrLP InHM
PenobscNw
RaponBrad
SunArmAir
VicomB n
AmTr-gvt sc
AmTr-gt11 sc
Bear Mtr
CmstProAM
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NewHmpAir
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WALL STREET WATCH

Waiting for Lands' End To Deliver on Earnings

By N. R. Kleinfeld
New York Times Service

NEW YORK — The news coming out of Lands' End Inc. has remained disappointingly dim this year as the mail-order catalogue company continues to wrestle with sinking profits. Even though many people think the stock is undervalued, analysts have put it on hold until signs of new vigor emerge.

The Dodgeville, Wisconsin, company is expected to report its second-quarter earnings this week, and analysts are predicting another period of slimmer profits.

Paul Shain, an analyst at Robert W. Baird & Co. in Milwaukee, said he expects earnings of $950,000 to $1.9 million, which is in line with the forecasts of other analysts. But Mr. Shain did not rule out the possibility of a small loss, which would be a severe blow to investor confidence.

Lands' End has been hit by rising costs and lower response rates.

In last year's second quarter, Lands' End startled analysts when it reported profits of $2.2 million, less than half its earnings in the previous year.

The crucial quarter this year, though, will be the fourth. Analysts expect the company to realize at least half of its profits for the year during the Christmas-buying period.

For all of 1990, Mr. Shain sees the catalogue company's profits dipping 4.2 percent, to $27.8 million, while he expects revenues to advance 9 percent, to $594 million — numbers not likely to persuade investors that the company has cured its ills.

The stock, as high as $35 in April 1989, was quoted Thursday at $12.625, down $1.125, on the New York Stock Exchange. Analysts are not recommending it.

"This is a very high-quality company," Mr. Shain said. "I certainly feel they will get back on track. The question is the timing. They haven't seen their momentum return yet."

THROUGH MUCH OF THE LAST DECADE, Lands' End seemed invincible. Its sales galloped along at an average growth rate of more than 30 percent, and it served as a model and inspiration for many mail-order imitators.

Now the company is hoping to maintain growth of 10 to 15 percent.

Lands' End has been troubled by rising costs, intensified competition and lower response rates to its mailings.

Recent years have been troublesome for the entire mail-order catalogue industry as costs have risen and the explosive growth days have faded. Mailboxes bulge with competing catalogues at a time when consumer buying is sluggish.

Early next year, a sizable postal increase is anticipated, which could drive up rates for mail-order businesses by 15 to 35 percent.

Lands' End also has been hindered by shifts in consumer tastes away from its traditional casual merchandise. The company has always prided itself on customer service and the quality of its clothing, but it has been chastised by consultants and analysts for neglecting to bring out new lines.

Steve Ashley, an analyst with Blunt, Ellis & Loewi, said Lands' End needed to respond to consumer preferences for more fashionable styles and bolder colors. Yet he remains sanguine that the company will sort out its problems in the long term.

Lands' End management recently has sought to reassure investors by promising to imbue the catalogue with a new look. It plans to inject more style into some of its women's clothing and significantly increase the number of new offerings.

At the same time, Lands' End is trying to target its customers better. This month it will mail its first children's clothing catalogue, and in January it will send out its first home furnishings catalogue, which will initially focus on bed and bath items.

"In the near term, it's going to be a difficult environment for them," Mr. Shain said.

"But once they get moving again, I think they'll be all right. Lands' End merchandise has a place in many people's closets. I can't imagine that they won't get their customers back."

Stock Sale By SAS Possible

Ministers to Meet On Cutting Stakes

Reuters

STOCKHOLM — Scandinavian governments will meet in October to discuss the ownership of Scandinavian Airlines System and the possibility of offering shares to the public, a Swedish government official said Thursday.

The official said Sweden might seek to increase private ownership of the airline, half of which is now owned by Norway, Sweden and Denmark.

"We will discuss the ownership structure at a ministry-level meeting in the middle of October" called especially to deal with the future of SAS, said Gunnel Farm, state secretary for Sweden's Communications Department.

Sweden is considering reducing its 21.4 percent ownership in the airline, but under airline regulations, all three governments would have to take proportionally equal share reductions, Ms. Farm said.

Sweden would prefer that government stakes be decreased by "letting the private share grow," probably through a stock offering, she said. Such a sale would be more difficult because it would require parliamentary approval, she said.

The move was being considered to ease an agreed mutual share swap of 7.5 percent with Swissair AG, she said.

In Norway, Karin Bruzelius of the Ministry of Transport said the possibility that private shareholders would own a majority of SAS had not been ruled out. "In principle I do not regard this as an impossible situation," she said.

Kai Ikast, who represents the Danish government on the holding company for Denmark's stake in SAS, said he endorsed Sweden's consideration of a reduced stake, but Danish Transport Ministry officials said no firm position had been reached. SAS officials would not comment.

The SAS airline chief operating officer Lars Bergvall said Monday that he believed an eventual full privatization of SAS and other European state-owned airlines was likely following European air industry deregulation in 1993.

Asked if Sweden would endorse full privatization, Ms. Farm said: "That depends on how far in the future you are willing to look. That's a discussion we have to take when we see the results of the deregulation and the competition in Europe.

Paul Hosefros/The New York Times
Pat Choate, a critic of Japan's influence in the United States, at his Washington home.

Choate Forced Out of TRW

By Stuart Auerbach
Washington Post Service

WASHINGTON — Pat Choate, a prominent commentator on trade and a critic of Japanese lobbying efforts, has been forced out of his policy position in the Washington office of TRW Inc., a conglomerate with extensive Japanese commercial ties, friends said.

The friends on Wednesday quoted Mr. Choate as saying that TRW's Japanese customers, who do about $400 million in business a year with the company, pressured TRW to get rid of him in reaction to his past criticism and his forthcoming book, "Agents of Influence," to be published in October. The book charges that Japan buys influence in Washington in an attempt to put its stamp on U.S. trade and economic policies.

The company said Wednesday that Mr. Choate had resigned and had not been fired.

Conflicting versions of the circumstances of his departure seem likely to add fuel to the debate over Japan's economic rivalry with the United States.

Last year, friends said, a retired high official of the Japanese government, Matsudo Kuroda, talked to TRW's chairman, Joseph P. Gorman, about Mr. Choate.

"I never asked him to fire Choate," Mr. Kuroda, former vice minister of the Ministry of International Trade and Industry and now an official with Mitsubishi Corp., said when reached in Tokyo on Wednesday night. He said he asked Mr. Gorman if Mr. Choate's books and articles represented the opinion of TRW. "I told him many people may

See TRW, Page 15

Stocks Plunge On U.S. Data and Mideast News

Compiled by Our Staff From Dispatches

NEW YORK — Stock prices fell sharply on Thursday, hit by signs of growing tension in the Middle East and a disappointing report on U.S. inflation.

The Dow Jones industrial average, which rose 0.50 point Wednesday, plunged 66.83 points to 2,681.44, a drop of 2.4 percent.

Declines outnumbered advances by a margin of 4-1. Volume amounted to about 140.9 million shares, compared with 135.2 million Wednesday.

Broader indices also fell sharply. The New York Stock Exchange composite index fell 3.81 points to 182.73. Standard & Poor's 500-stock index tumbled 7.67 points to 332.39.

News from the Gulf rattled market participants in New York and in Europe earlier.

Iraq ordered thousands of Americans and Britons in occupied Kuwait to gather in hotels for possible internment in Iraq, while President Saddam Hussein accused President George Bush of lying to his people.

The Iraqi president also threatened that "you are going to receive some American bodies in bags."

"The market right now is in an emotional state closely related to the various news reports coming out of the Middle East," said Gene Seagle, technical research director at Gruntal & Co.

Earlier in the day, London stocks ended on a gloomy note, depressed by Wall Street's weak opening.

The Financial Times-Stock Exchange 100-share index lost 17.2 points to close at 2,222.1.

Elsewhere in Europe, stock prices on the Frankfurt Stock Exchange closed lower in light trading.

The closely watched DAX Index slipped 14.78 points to 1,727.48.

A double dose of negative economic news also put pressure on stock prices in New York.

The Labor Department reported that prices at the consumer level rose 0.4 percent in July, with higher shelter and food costs but a significant drop in energy costs.

Private economists had expected a more modest rise of 0.3 percent; and several analysts noted that the Middle East crisis is bound to boost August prices because of the recent surge in the price of oil.

The government also reported that housing starts fell 2.6 percent in July to the lowest level since the end of the last recession in 1982.

"The market is basically a slave to the news in the Middle East," said Edward Shopkorn, partner in charge of institutional equities at Mabon, Nugent & Co.

"Even if the Mideast crisis resolves itself, we still have a recessionary economy, now with inflation," he said. "It looks like it's 1980 and 1981 all over again."

The statistics "continued to reinforce and confirm the fact that our economy is looking more and more fragile," said Bradley Turner, chairman of the investment policy committee at McDonald & Co.

The slide in prices accelerated in the last hour, triggering the New York Stock Exchange's restriction on index arbitrage-related market orders. The measure, which prohibits sales after a downtick in prices, went into effect after the Dow Jones industrial average fell more than 50 points, an exchange spokesman said.

Volume remained low as institutional investors sat on the sidelines, watching events unfold in the Middle East, analysts noted.

On the trading floor, IBM was the most active issue, down 1¼ to 103¾.

Navistar International followed, down ⅜ to 2⅞. The company reported a 79 percent decline in its third-quarter earnings because of weak truck demand.

General Electric was third, off 1⅜ to 64⅞.

Among the blue chips, AT&T lost ⅞ to 34⅞, General Motors lost 1¾ to 38⅛, Philip Morris lost 2⅛ to

See STOCKS, Page 12

Oil Prices Rise as Hopes Dim in Mideast Crisis

Compiled by Our Staff From Dispatches

NEW YORK — Crude oil prices rose Thursday on reports that Saudi Arabia had reduced oil supplies to contract customers in September, and a radio address by President Saddam Hussein of Iraq reinforced views that there was little hope for a quick resolution to the Middle East crisis.

But Saudi Arabia denied the reports, and called on Thursday for an emergency OPEC conference to discuss how to deal with the oil market situation during the Gulf crisis.

Worries about maintaining adequate supplies were heightened by reports from industry and shipping sources that so far there had been no significant increase in production by either Saudi Arabia, the world's biggest oil exporter, Iran or the United Arab Emirates.

Meanwhile, the American Petroleum Institute reported that U.S. imports of crude oil and products surged to nine million barrels per day in July, to make up about 51.3 percent of the country's supplies, highlighting the need for secure oil sources for the United States. The import level was 8.4 percent higher than in the year-earlier period.

Contributing to the growing U.S. dependence on foreign oil was the 5.3 percent decline in domestic crude production to 7.0 million barrels.

On the New York Mercantile Exchange, September crude shot up 90 cents a barrel, to $27.36.

September futures for the world benchmark blend of crude, North Sea Brent Blend, were up 45 cents in London from Wednesday's close of $26.75 per barrel.

U.S. oil stocks are currently about 45.2 million barrels above year-ago levels, according to the American Petroleum Institute.

Several analysts said OPEC appeared to be waiting to decide to pump more oil to make up for shortfalls from an international embargo on Kuwait and Iraq so that importing countries would draw down their reserves.

Energy futures rallied on the New York Mercantile Exchange after Mr. Hussein's radio address reinforced views there was little hope for a quick resolution to the Mideast crisis. The Iraqi president called President George Bush a liar.

"This is prime rhetoric to rally Arab sentiment, and the market's rallying," said a trader.

In Japan, the Ministry of International Trade and Industry said that Saudi Arabia had told five Japanese oil companies it was cutting crude exports to Japan by 16 percent from next month. But Saudi Arabia's oil minister denied that the kingdom had notified any of its customers of cutbacks in supplies for the month of September.

Meanwhile efforts by Venezuela and Saudi Arabia to arrange a rapid meeting of the Organization of Petroleum Exporting Countries to agree on an output increase to compensate for the four million barrels a day being lost with the embargo looked likely to fail.

(Reuters, AFP, AP)

CURRENCY RATES

Cross Rates

Aug. 16

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.7265	3.3285	1.1266	0.3357	0.1532 *	—	5.406 *	1.3612	1.1927 *	1.5075	1.806 *
Brussels	31.545	60.97	20.5785	6.13	2.7998 *	18.266	—	24.0775	0.2179	28.11	33.545 *
Frankfurt	1.546	2.946	—	0.2977	0.1336 *	0.8877	4.861 *	1.1993	1.057 *	1.3462	1.429 *
London (a)	1.9075	—	2.9457	9.9448	2,179.00	3.3422	61.025	2.4600	280.745	2.1775	183.55
Madrid	96.225	182.324	61.41	18.282	8.35 *	54.525	2.9845	73.429	65.035 *	83.82	—
Milan	1,158.50	2,188.40	735.65	219.37	—	652.95	35.743	881.92	7.794	1,004.75	11.983
New York (b)	—	1.909 a	1.5330	5.2115	1,143.50	1.748	31.925	1.291	147.24	1.1483	95.295
Paris	5.251	9.948	3.3564	—	0.4583 *	2.9791	0.1631	4.0206	3.555 *	4.5785	5.4625 *
Tokyo	147.50	279.81	94.07	28.03	0.1283	83.52	4.5765	112.90	—	128.85	1.5347
Toronto	1.149	2.1954	0.7397	0.2204	1.005 *	0.6580	3.577 *	0.89	0.7797 *	—	1.198 *
Zurich	1.3015	2.4886	0.833	0.2484	0.1133 *	0.7396	4.0340 *	—	0.9012 *	1.1367	1.356 *
1 ECU	1.3211	0.687	2.0671	6.9371	1,518.39	2.3286	42.5206	1.724	195.861	1.5127	126.892
1 SDR	1.3785	0.7273	2.2553	7.2284	N.Q.	2.4286	44.3798	1.7982	203.609	1.5709	132.503

Closings in London and Zurich, fixings in other centers; New York closing rates, Toronto rates at 5 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5485.1	Greek drac.	154.10	Mex. peso	2872.00	S. Afr. rand	2.5756
Austral. $	1.2422	Hong Kong $	7.7711	N. Zealand $	1.6168	Soviet ruble*	0.5751
Austr. schil.	10.99	Indian rupee	17.293	Norw. krone	6.0653	Swed. krona	5.7511
Brazil cruz.	71.42	Indo. rupiah	1847.03	Phil. peso	23.91	Taiwan $	26.83
Chinese yuan*	4.72	Irish £	0.5836	Port. escudo	138.25	Thai baht	25.53
Danish krone	5.9753	Israeli shek.	2.01	Saudi riyal	3.7465	Turkish lira	2657.00
Egypt. pound	2.7224	Kuwaiti dinar	n.a.	Sing. $	1.8035	UAE dirham	3.6725
Fin. markka	3.695	Malay. ring.	2.6955	S. Kor. won	717.70	Venez. boliv.	49.15

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.8831	1.8721	1.8620	Canadian dollar	1.1580	1.1547	1.1592
Japanese yen	147.46	147.49	147.49	Swiss franc	1.3024	1.3012	1.2997
Deutsche mark	1.5623	1.5618	1.5608				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Aug. 16

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8-8⅛	8⅛-8¼	8 7/16-8 9/16	14⅞-15 1/16	9⅝-9¾	7⅝-7¾	9⅞-10	8⅞
2 months	8-8⅛	8¼-8⅜	8 7/16-8 9/16	14⅞-15 1/16	9⅝-9⅞	7 11/16-7⅞	10-10⅛	8 3/16
3 months	7 15/16-8 1/16	8⅜-8½	8 7/16-8 9/16	14⅞-15 1/16	9⅞-10	7¾-7⅞	10⅛-10¼	8 ¾
6 months	7 15/16-8 1/16	8 7/16-8 9/16	8 9/16-8 11/16	14 15/16-15	10 1/16-10 3/16	7 15/16-8	10⅜-10½	9⅛
1 year	8-8⅛	8 9/16-8 11/16	8⅝-8¾	14 11/16-14¾	10 1/16-10 3/16	7 15/16-8⅛	10½-10⅝	7⅞

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Aug. 16

	Close	Prev.
United States		
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds	8.50	8.25
Com. paper 30-179 days	7.40	7.40
3-month Treasury bills	7.48	7.45
6-month Treasury bills	7.46	7.34
1-year Treasury bills	7.31	7.16
30-year Treasury bond	8.92	8.77
3-month CD's	7.90	7.85
6-month CD's	7.85	7.85
Japan		
Discount rate	5¼	5¼
Call money	7⅞	7 9/32
1-month interbank	7 13/16	N.A.
3-month interbank	7 13/16	7 26/32
West Germany		
Discount rate	6.00	6.00
Lombard rate	8.00	8.00
Call money	8.00	8.10
1-month interbank	8.25	8.25
3-month interbank	8.45	8.44
6-month interbank	8.60	8.66
Britain		
Bank base rate	15.00	15.00
Call money	15.00	14 15/16
3-month interbank	15.00	15.00
6-month interbank	14 31/32	14 15/16
France		
Intervention rate	9½	9½
Call money	9½	9 7/16
1-month interbank	9 11/16	9 11/16
3-month interbank	9 15/16	9 15/16
6-month interbank	10¼	10⅛

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Aug. 16

1 month	8 - 8⅛
2 months	7 15/16 - 8 1/16
3 months	7 15/16 - 8 1/16
6 months	7⅞ - 8
1 year	7 15/16 - 8 1/16

Source: Reuters.

U.S. Money Market Funds

Aug. 16

Merrill Lynch Ready Assets
30-day average yield: 7.65
Telerate Interest Rate Index: 7.925
Source: Merrill Lynch, Telerate.

GOLD

Aug. 16

	A.M.	P.M.	Ch'ge
Hong Kong	403.85	402.45	+ 0.95
Luxembourg	402.50	—	— 0.50
Paris (12.5 kilo)	407.76	405.74	— 11.40
Zurich	402.35	403.25	+ 4.62
London	399.25	402.60	+ 4.20
New York	—	408.75	+ 6.50

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Report Disputes Trump Valuation

Accountants Give Lower Estimate

By Richard D. Hylton
New York Times Service

NEW YORK — Donald Trump's accountants and bankers have concluded that his empire is worth far less than he claimed late last year — and that if he had been forced to sell his assets this spring he might not have realized enough money to get out of debt.

Figures for the flamboyant real estate developer's assets were released Wednesday by the New Jersey Casino Control Commission after the state Supreme Court rejected Mr. Trump's appeal that the information be kept private.

The commission obtained the information because its approval is needed for the restructuring plan Mr. Trump negotiated after he was unable to pay some of his debts this spring.

The figures showed that Mr. Trump's own estimate of the value of his assets was $4.62 billion, well over the $3.21 billion he owed on April 30. But his accountants said that in a worst-case scenario, liquidation in April could have brought as little as $2.91 billion, $295 million less than he owed.

Those figures shed light on why the banks agreed to reschedule Mr. Trump's debts in marathon negotiations. Had they refused to do so, a forced liquidation might have left them with hundreds of millions of dollars in losses, based on the estimates, which were made available to the banks during the negotiations.

But the report, prepared by Mr. Trump's accounting firm, Kenneth Leventhal & Co., also concluded that the developer's assets might be worth $3.69 billion to $3.96 billion, if sold as operating businesses under normal business conditions. That would leave him with a net worth of $480 million to $760 million, before taxes.

Even in a forced liquidation, the accountants concluded, the assets might fetch as much as $3.49 billion, a figure that was partly based on estimates provided by bank lenders. In that case, Mr. Trump would emerge with $282 million after paying his debts, but before taxes.

The documents also underscore the strain on Mr. Trump's personal finances brought about by the huge amounts of money he borrowed.

Had the banks not agreed to restructure his debt, Mr. Trump's accountants estimated that his cash in the banks would have fallen from $39.9 million at the end of April to being overdrawn by $9.9 million at the end of June, and to being overdrawn by $73.4 million at the end of the year.

The figures also show that he expected the newest of his three casinos in Atlantic City, the Trump Taj Mahal, to perform substantially better than it has since it opened this spring.

In response to questions about his personal finances and the release of the documents showing vast differences between the values placed on his assets by the banks and accountants and his own estimates, Mr. Trump said only that they represented different economic assumptions for valuing the assets.

He also said that with the disclosure of such details of his finances, he has lost all the benefits of running a private entity.

"I've been treated as a public organization, and perhaps there is no reason for me to remain private anymore," Mr. Trump said, hinting that he was considering making a public offering of a stake in part or all of his holdings.

Mr. Trump earlier this week hired First Boston Corp. to help prepare a plan to reorganize the debt on his casinos. Although no details have been released, it is expected that the revamping will involve offering bondholders some stock in the casinos in return for concessions on interest payments.

It is possible that even the most conservative estimates of value for Mr. Trump's assets could be high. For some assets — notably the Trump Taj Mahal — the accountants said they could make no estimates because of the lack of operating history.

For the Taj Mahal, they accepted a market value of $750 million, based on what the casino cost to build. For liquidation, a value of $725 million, the amount that the Trump Organization owes on the casino, was used. Some analysts have suggested significantly lower figures.

Big Cars Burn Up U.S. Efficiency Gains

By Matthew L. Wald
New York Times Service

NEW YORK — Auto experts say technologies are readily available to make cars go much farther on a gallon of gasoline, reducing the demand for oil and therefore lessening the impact of events like the Iraqi invasion of Kuwait.

But a renewed American taste for cars with muscle is devouring gains in fuel economy.

In the last two years, Americans have shown little interest in fuel economy.

Instead they have been choosing new cars that are heavier, faster and on average less fuel-efficient than those bought in earlier years, for the first time since the oil shock of 1973.

Automakers have already made substantial gains in cutting fuel consumption by making cars lighter and smaller and developing more-efficient engines, and they argue that Americans can best reduce energy consumption by switching to smaller cars with less performance.

"We've picked all the low-hanging fruit when it comes to fuel efficiency," said Albert J. Slechter, the technical director of federal affairs at Chrysler Corp.

But experts outside the automakers point to innovations that are already in use on some models that if more widely applied could improve the picture even if Americans do not move to smaller cars.

A recent study concluded that applying 17 existing technologies more broadly would raise average mileage to 43.8 miles per gallon (5.5 liters per 100 kilometers) from 28.3 in 1987 if size and performance of cars were unchanged.

While this would also raise the cost of the car, the efficiency savings would more than offset this; for every 53 cents invested, one gallon of gasoline, which costs considerably more, would be saved.

The analysis, by Marc R. Ledbetter, an automotive expert at the American Council for an Energy Efficient Economy, a non-profit group in Washington, and Marc Ross, of the University of Michigan Department of Physics, assumes that the mix of cars, including size and acceleration, will be the same as in 1987.

Among the improvements suggested by the study were these:

- Using engines with four valves per cylinder instead of the standard two. Having two valves to let in the fuel-air mixture and two for exhaust reduces friction in the gases passing through the cylinder, adding horsepower at high speed and enabling the use of a smaller engine. The fuel savings: about 6.8 percent.
- Electronically controlled shifting in an automatic transmission. This would pick a gear to maximize fuel economy rather than power, in most cases lowering engine speed. Savings: 8 percent.
- Intake valve control. The timing of the opening and closing of intake valves can be varied depending on engine speed. Savings: 6 percent.
- Overhead cam. The cam is a rotating shaft that controls valve opening and closing, and in most cars it is located under the parts it controls. An overhead cam has less mass and takes less energy to turn, reducing energy requirements, among other advantages. Savings: 6 percent.
- Front-wheel drive. Eliminating the drive shaft and rear axles allows a redesign to save space and cut weight. Savings: 10 percent.
- Aerodynamic changes to cut wind resistance. Savings: 4.6 percent.

Automobile executives say many of these technologies are already being used on most new cars, so the prospects for further savings are limited.

And some innovations, they say, will hurt performance and could interfere with another goal for new cars, reducing air pollution.

Mr. Ledbetter responded that some gains from the new technologies have been offset by the increased popularity of more powerful engines.

The nation could also improve fuel economy without sacrificing car size if automakers used lighter — but costlier — materials.

A 10 percent weight reduction in a 3,000-pound (1,363-kilogram) car will save 6.6 percent in fuel, experts say.

Floyd E. Allen, executive engineer of power-train engineering at Chrysler, said cars could be lighter if aluminum, magnesium and plastic were used to replace steel.

"But frequently the cost-benefit ratio is diffi-

See FUEL, Page 13

ÉLYSÉES MONÉTAIRE
SICAV
8, avenue Marie-Thérèse, Luxembourg
R.C. Luxembourg n° B 25791

Avis de convocation

Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire qui aura lieu le 4 septembre 1990 à 10 heures au siège social, avec l'ordre du jour suivant:

1. Examen du rapport de gestion du Conseil d'Administration, du rapport du Réviseur d'Entreprise agréé, des comptes annuels et de l'affectation des résultats.
2. Décharge aux Administrateurs pour l'exercice de leurs mandats.
3. Ratification de la cooptation de deux Administrateurs.
4. Renouvellement du mandat du Réviseur d'Entreprise agréé pour une année.
5. Questions diverses.

Aucun quorum n'est requis pour délibérer valablement et les résolutions seront prises à la majorité simple des actions présentes ou représentées.

Pour pouvoir exercer leur droit de vote, les détenteurs d'actions au porteur sont priés de déposer leurs titres au plus tard cinq jours avant l'Assemblée auprès de:

CCF Luxembourg S.A.,
8, avenue Marie-Thérèse,
L-2132 Luxembourg

Le Conseil d'Administration

ÉLYSÉES COURT TERME
SICAV
8, avenue Marie-Thérèse, Luxembourg
R.C. Luxembourg n° B 25863

Avis de convocation

Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire qui aura lieu le 4 septembre 1990 à 11 heures au siège social, avec l'ordre du jour suivant:

1. Examen du rapport de gestion du Conseil d'Administration, du rapport du Réviseur d'Entreprise agréé, des comptes annuels et de l'affectation des résultats
2. Décharge aux Administrateurs pour l'exercice de leurs mandats.
3. Ratification de la cooptation de deux Administrateurs.
4. Renouvellement du mandat du Réviseur d'Entreprise agréé pour une année.
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CCF Luxembourg S.A.,
8, avenue Marie-Thérèse.
L-2132 Luxembourg

Le Conseil d'Administration

MARKET DIARY

STOCKS: *Gulf News Hits Prices*

(Continued from first finance page)

45⅛ and American Express lost 1⅛ to 25⅞.

Prices were lower on the American Stock Exchange.

The Amex Market Value index dropped 3.81 to 336.83. Declines led advances 430-157 among the 798 issues traded. The price of an average share lost 13 cents. Volume totaled 14,160,000 shares vs. 13,640,000 traded Wednesday.

Fruit of the Loom led the Amex actives, off ⅛ to 12½.

The Nasdaq composite index fell 9.18 to 402.27 but volume was unusually light for the fourth straight session.

"The decline was far from panic selling but there is a lot of apprehension in the market," said Dick Holden, OTC manager at Alex. Brown.

In London, a 10 percent rise in British wages in the year to June gave cause for concern with its inflationary implications ahead of the publication on Friday of retail price figures, which also forecast to hit 10 percent year to year.

With uncertainties over the Gulf crisis adding to the gloom, activity in London remained narrow, with only 372.4 million shares traded, down from 562.7 million Wednesday.

Insurance issues weakened as Royal Insurance announced a worse-than-expected first-half loss.

The pharmaceuticals group Wellcome fell sharply in reaction to a scientific study about its AIDS treatment Retrovir. A prolonged use of the drug could increase the risk of lymphoma, a type of cancer, according to the study.

The chemical giant Imperial Chemical Industries PLC weakened in reaction to its sale of a 25 percent stake in Enterprise Oil, which itself recovered some of Wednesday's losses.

(UPI, Reuters, AFP)

Stock and Bond Plunge Carries Dollar Lower

Reuters

NEW YORK — A sharp slide in U.S. stock and bond markets coupled with disappointment over a meeting between President Bush and Jordan's King Hussein pounded the dollar Thursday.

The dollar dropped to a new low against the Deutsche mark for the

Foreign Exchange

third consecutive day. It slipped further against the Swiss franc after hitting a two-and-a-half-year low Wednesday.

"Like gravity, you can't fight it. The dollar inevitably will go lower," said Dan Brooks of Dai-Ichi Kangyo Bank. The dollar ended at 1.5533 DM, down from 1.5647 DM Wednesday.

The dollar fell to a new low of 1.5505 DM during the session. It traded as low as 1.2880 Swiss francs before closing at 1.2910, down from 1.3055 Wednesday.

Though it advanced against the yen for most of the session, the dollar ended lower at 147.24, versus 147.655 Wednesday.

The British pound ended at $1.909, up from $1.900 the day before. The dollar dropped to 5.2115 French francs, compared with 5.2535 Wednesday.

"The bond market was the first to go," Mr. Brooks said, adding that bonds were under pressure from an unexpectedly high U.S. consumer price index report for July, released in the morning.

"The inflation number was pretty bad considering the recent oil price rise was not included," Mr. Brooks said.

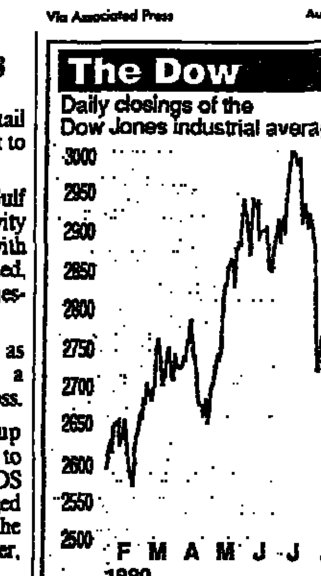
U.S. housing starts for July were reported Thursday to have dropped to their lowest level in eight years. On Wednesday, July retail sales showed a 0.1 percent rise.

"The economic statistics have all been negative for the dollar," Mr. Brooks said. "The only thing holding the dollar up is the Mideast crisis."

Earlier in the day in Europe, the dollar rose as traders were reluctant to test its downside after Wednesday's fall to all-time lows against the mark.

The dollar closed in London at 1.5635 DM, up from 1.5565 DM Wednesday. It also rose to 148.10 yen from 146.95, and to 1.3020 Swiss francs from 1.2977.

Via Associated Press Aug. 16



NYSE Most Actives

	Vol.	High	Low	Last	Chg.
OhioEd	21914	19¾	16¼	17¾	—2½
Novistr	21798	3⅜	2⅞	2⅞	— ⅜
IBM	20314	105⅜	103¾	103¾	—1¾
GenEl	17720	65⅝	64⅝	65	—1¼
AmBas	16396	2⅜	1½	1⅞	— ⅞
GTE s	14950	27	26¼	26⅝	— ⅜
Boeing s	14942	52⅝	50⅝	50¾	—1⅝
PhilMr s	14557	46⅞	45	45⅛	—2
FGNM s	14273	33⅛	31⅝	31⅞	—1⅜
GlbM n	13613	6⅛	5⅞	6⅛	+ ⅛
Chmpin	13547	26⅞	26¼	26½	— ⅜
AmExp	13464	26½	25⅝	25⅞	—1⅛
HewlPk	13028	37⅜	35⅝	35⅞	—1⅜
Unitel s	12499	27¼	26½	26⅝	— ⅜
EKodak	12300	43⅛	42¼	42½	— ⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
FruitL	7264	12¾	12⅜	12½	— ⅜
PW Nk pwt	6495	5½	4⅞	5½	+ ⅝
Dk Nk wt	5819	14⅛	13⅝	14⅛	+1⅜
SNK I93wt	5648	13⅞	12⅝	13⅞	+1¼
A-gte s	5478	20	19⅝	19⅝	
WangB	5203	3½	3⅜	3⅜	— ⅛
ENSCO	4791	4⅞	4½	4½	— ⅛
EchoBy	4732	14¾	14	14¾	+ ⅝
A-gte sc s	4416	8½	7⅞	8	— ⅜
AExpl	3371	4	3⅞	4	+ ⅛
EksNk wt	3219	6	5⅝	6	+ ⅜
Coron s	3096	6⅞	6⅜	6⅞	+ ⅜
Hlthav n	2589	1½	1¼	1⅜	— ⅛
BT Nk wt	2509	35½	33⅜	35¼	+2⅞
DowC rt	2234	7⅝	7⅛	7⅛	— ⅛

NYSE Diary

	Close	Prev.
Advanced	329	887
Declined	1299	619
Unchanged	388	494
Total Issues	2016	2000
New Highs	9	10
New Lows	148	75

Amex Diary

	Close	Prev.
Advanced	156	285
Declined	432	250
Unchanged	213	244
Total Issues	801	785
New Highs	2	1
New Lows	61	39

NASDAQ Diary

	Close	Prev.
Advanced	586	980
Declined	1,398	863
Unchanged	2,295	2,438
Total Issues	4,279	4,281

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2732.18	2746.53	2676.24	2681.44	— 66.83
Trans	953.28	960.04	935.58	939.78	— 21.90
Util	204.60	204.75	202.40	202.57	— 2.58
Comp	947.38	952.28	930.00	932.28	— 20.92

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	401.38	392.41	392.42	—8.96
Transp.	244.61	238.01	238.03	—6.58
Utilities	136.71	134.15	134.15	—2.56
Finance	25.82	25.05	25.05	—0.77
SP 500	340.66	332.39	332.39	—7.67
SP 100	323.66	316.16	316.17	—7.49

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	185.30	182.73	182.73	—3.81
Industrials	231.49	228.10	228.10	—4.87
Transp.	149.58	147.08	147.08	—3.78
Utilities	87.64	86.83	86.83	—1.45
Finance	131.24	129.28	129.28	—2.91

NASDAQ Indexes

	Close	Ch'ge	Week Ago	Month Ago
Composite	402.27	— 9.18	412.98	458.17
Industrials	430.95	— 10.9	444.12	496.59
Finance	395.93	— 4.45	402.25	437.12
Insurance	463.73	— 9.15	477.19	505.21
Utilities	549.16	— 18.4	564.12	634.12
Banks	295.93	— 2.92	301.26	332.00
Transp.	442.05	— 5.22	446.81	491.75

AMEX Stock Index

High	Low	Close	Ch'ge
340.64	336.56	336.83	—3.81

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	90.61	— 0.08
10 Utilities	91.89	+ 0.03
10 Industrials	89.33	— 0.20

Market Sales

NYSE 4 p.m. volume	138,850,000
NYSE prev. cons. close	161,142,570
Amex 4 p.m. volume	14,160,000
Amex prev. cons. close	13,630,000
NASDAQ 4 p.m. volume	114,897,800
NASDAQ prev. 4 p.m. volume	105,228,600
NYSE volume up	14,833,250
NYSE volume down	116,327,370
Amex volume up	4,785,600
Amex volume down	7,810,140
NASDAQ volume up	12,918,309
NASDAQ volume down	78,918,430

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	*Sh'rt
Aug. 15	430,667	421,227	7,591
Aug. 14	384,177	484,853	27,144
Aug. 13	392,718	510,029	40,750
Aug. 10	427,957	564,390	98,915
Aug. 9	447,888	504,092	71,483

*Included in the sales figures

S&P 100 Index Options

Aug. 16

Strike Price	Calls-Last Aug	Sep	Oct	Nov	Puts-Last Aug	Sep	Oct	Nov
300	16¼	22	—	—	⅛	5⅜	7⅛	7½
305	11⅛	—	—	—	⅛	6⅛	8⅞	—
310	6	13⅞	—	20½	1⅞	7⅝	9½	10¾
315	2½	10½	16½	—	3½	9⅞	11⅞	—
320	⅞	7⅛	13	16⅞	6⅝	12	13⅞	13½
325	⅛	4⅝	10½	—	10⅝	15⅜	17	—
330	⅛	3	6½	9⅝	15⅝	17	17½	21
335	⅛	1⅞	4½	—	20½	20	18⅝	—
340	⅛	1⅛	3⅜	5⅛	25	25	23	26
345	—	⅝	2⅛	—	—	—	—	—
350	—	¼	1⅜	3	34½	32	29½	31
355	⅛	—	⅛	—	39½	34	—	—
360	—	⅛	⅜	1⅝	41½	41½	39⅝	—
365	—	⅛	5/16	—	—	—	—	—

Calls: total vol. 160,738 ; total open int. 531,533
Puts: total vol. 224,554 ; total open int. 482,557
Source: CBOE

Dividends

Company	Per	Amt	Pay	Rec
OMITTED				
B&H Bulk Carriers				
Chittenden Corp				
Wedco Technology				
USUAL				
Auto Data Process	Q	.17½	10-1	9-17
Calgon Carbon	Q	.08	10-1	9-12
Durr-Fillauer Med	Q	.07½	9-8	8-24
Eldorado Bncrp	Q	.06	10-1	9-7
Green Tree Accept	Q	.15	9-30	9-15
Hannaford Bros	Q	.11	9-27	9-14
MTS Systems Corp	Q	.10	10-1	9-14
Meredith Corp	Q	.16	9-14	8-27
Northrop Corp	Q	.30	9-8	8-27
Realty Refund Tr	Q	.43	9-17	8-31
Ryland Group Inc	Q	.15	10-30	10-15
Samson Energy LP	Q	.40	9-30	8-31
Sellbets Bruce Grp	Q	.20	10-1	9-10
Service Corp Intl	Q	.14	10-31	10-16
Stage II Apparel	Q	.03	10-16	9-28
Standard Comml	Q	.13	12-10	11-30
Wyman-Gordon Co	Q	.20	9-10	8-31

Source: UPI.

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.785	0.785
Coffee, lb	0.80	0.78
Copper electrolytic, lb	1.46	1.445
Iron FOB, ton	213.00	213.00
Lead, lb	0.50	0.50
Silver, troy oz	5.415	5.11
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	108.00	108.00
Tin, lb	3.886	3.9058
Zinc, lb	0.81	0.81

London Metals

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1803.00	1805.00	1795.00	1797.00
Forward	1826.00	1827.00	1817.00	1819.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1597.00	1599.00	1581.00	1583.00
Forward	1557.00	1558.00	1546.00	1547.00
LEAD Sterling per metric ton				
Spot	458.00	459.00	454.00	456.00
Forward	466.00	466¼	463.00	464.00
NICKEL Dollars per metric ton				
Spot	11200.00	11300.00	10950.00	11000.00
Forward	10650.00	10675.00	10550.00	10575.00
TIN Dollars per metric ton				
Spot	6020.00	6030.00	5990.00	6000.00
Forward	6140.00	6150.00	6115.00	6120.00
ZINC (Special High Grade) Dollars per metric ton				
Spot	1605.00	1610.00	1595.00	1600.00
Forward	1637.00	1638.00	1528.00	1530.00

European Commodities

	Close Bid	Ask	High	Low	Previous Bid	Ask
LONDON SUGAR U.S. Dollars per metric ton						
Aug	240.60	242.00	240.00	238.00	245.20	245.40
Oct	247.00	247.40	248.60	242.00	239.20	251.00
Dec	237.00	238.00	250.00	245.00	228.00	239.20
Mar	241.20	241.40	242.40	236.40	239.20	239.80
May	240.40	241.00	239.00	239.00	240.20	242.00
Aug	N.T.	N.T.	N.T.	N.T.	239.40	242.00
Oct	243.00	244.00	243.00	240.00	220.00	242.00
Volume: 933 lots of 50 tons.						
LONDON COCOA Sterling per metric ton						
Sep	638	639	647	634	632	633
Dec	676	678	687	670	669	671
Mar	707	709	718	704	704	705
May	730	732	741	726	728	729
Jul	750	752	757	748	748	750
Sep	770	772	776	769	768	769
Dec	796	798	802	796	797	798
Volume: 8,985 lots of 10 tons.						
LONDON COFFEE Sterling per metric ton						
Sep	586	587	593	575	571	572
Nov	615	616	615	600	594	596
Jan	632	635	634	621	617	619
Mar	644	645	646	635	631	633
May	659	665	660	655	645	650
Jul	670	676	671	671	659	665
Sep	690	695	695	694	680	684
Volume: 3,495 lots of 5 tons.						
LONDON GASOIL U.S. dollars per metric ton						
Sep	228.50	228.75	230.00	226.75	224.50	225.00
Oct	N.A.	229.50	231.00	227.75	225.50	225.75
Nov	229.75	230.00	230.50	228.25	N.A.	226.75
Dec	228.50	228.75	230.00	228.25	226.00	226.50
Jan	226.00	226.50	226.50	224.00	222.00	N.A.
Feb	219.75	221.00	220.00	214.50	214.00	219.50
Mar	205.00	206.25	205.00	205.00	N.A.	N.A.
Apr	202.75	N.A.	201.00	201.00	198.00	199.00
May	200.00	N.A.	N.T.	N.T.	N.A.	N.A.
Volume: 9,279 lots of 100 tons.						

PARIS SUGAR French francs per metric ton	High	Low	Close Bid	Ask	Ch'ge
Oct	1,670	1,655	1,667	1,675	+5
Dec	N.T.	N.T.	1,625	1,640	+8
Mar	1,450	N.T.	1,445	1,460	+10
May	N.T.	N.T.	1,458	1,465	+12
Aug	N.T.	N.T.	1,675	1,695	+2
Oct	N.T.	N.T.	1,650	1,665	+11

Est. vol.: 89 lots of 50 tons. Prev. actual sales: 3,902 lots. Open interest: 14,619.

Sources: Paris Bourse du Commerce, London Petroleum Exchange, Reuters.

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U.S./AT THE CLOSE

U.S. Losing Telecom Edge

The Associated Press

WASHINGTON — The U.S. share of world and domestic telecommunications equipment markets is declining, the Commerce Department said Thursday.

It said the falling market share was the result of foreign barriers to competition and reduced productivity and innovation by U.S. companies aiming primarily at short-term profit.

The department said the government and private industry need to take strong, sustained actions to stem the negative balance of trade in telecommunications equipment. In 1988, that deficit was $2.6 billion. A decade earlier, there was a surplus of $1.1 billion.

Based on a two-year study, the department said the United States remains the world's leader in high-tech communications equipment and services, but is no longer competitive in "low-end" equipment such as residential telephones.

"U.S. industry can remain the world leader by taking a long-term view, emphasizing R&D spending and improvements in manufacturing technology, and keeping up pressure on export markets," Commerce Secretary Robert Mosbacher said in a statement.

Exxon Challenges Back Tax Claim

NEW YORK (Reuters) — Exxon Corp. said Thursday that it was filing a petition with the Internal Revenue Service challenging an IRS claim for additional federal income taxes of $6.5 billion for the years 1980-1982.

Exxon said the IRS contends that the company should have sold Saudi Arabian crude oil at higher prices on which it should pay an additional tax of $1.5 billion.

Exxon said most of the remaining tax claim was the IRS's response to procedures taken earlier this year, which involved consolidating Exxon's Saudi Arabian oil-pricing adjustment claim in 1980-82 with a similar pending court case from 1979.

Nikkei Futures to Trade in Chicago

CHICAGO (Reuters) — The Chicago Mercantile Exchange said it will begin trading futures and options on futures for Japan's Nikkei index of 225 stocks on Sept. 25.

The launch "symbolizes the globalization of the world's financial markets," said Leo Melamed, special counsel to the exchange's board.

The exchange said it will become the first American futures exchange to trade contracts based on an overseas stock index. The Chicago Board of Trade has said it will launch futures and options on another Japanese stock index Sept. 27.

Navistar Says Weak Demand Hits Net

CHICAGO (Reuters) — Navistar International Corp. said its third-quarter earnings plunged 79 percent because of continuing weak demand for medium and heavy trucks. The company also said it would suspend or reduce production at several plants.

Navistar said earnings fell to $6 million in the three months ended July 31, from $28 million a year earlier. Sales fell 10 percent to $972 million.

The company said it has lowered its forecast for North American truck demand for the financial year because of declining economic growth in the United States and Canada.

For the Record

Cetus Corp. said its president and chief executive, Robert Fildes, had resigned in a dispute over corporate direction, and that the company would cut about 100 people from its work force of 950. *(Reuters)*

General Electric's aircraft engines division, predicting a sharp decline in Defense Department contracts, said Thursday that it would eliminate 1,500 jobs at two U.S. plants. *(UPI)*

Reader's Digest Association Inc. said Thursday its earnings for the financial year ended June 30 rose 16 percent to $176 million. *(AP)*

ECONOMY: *Consumer Prices Shoot Higher While Housing Starts Slump*

(Continued from page 1)

percent in the August price index, even before core inflation is factored in.

Construction of new homes plunged 2.6 percent in July, the sixth straight monthly decline and the lowest level since the end of the last recession in the autumn of 1982. Total housing starts were one-fifth lower than they were a year ago.

Building permits, an indicator of future activity, fell 2.6 percent, with the decline concentrated in residential building.

"The housing starts are horrible," said Joseph Carson, economist at New York's Chemical Bank. "People are afraid."

Financial markets were expecting higher prices in August, but not in July.

Until Thursday's figures were released and the rise in Middle East tensions, most economists had been looking to next Tuesday's meeting of the Federal Open Market Committee to ease credit by dropping the federal funds rate by another quarter of a point. That would follow July's quarter-point drop in the benchmark rate that banks pay for money.

Economists have been urging the Fed to consider the recent rise in oil prices as a one-time spike in the consumer price indexes that would not be reflected in the core rate of inflation because of the economy's slowdown.

But the July economic figures showed that the slowdown in such basic sectors as housing had not put much pressure on the underlying inflation rate, leaving the Fed to fight an anti-inflation battle when it should be getting ready to fight recession.

"The Fed is definitely over a barrel now," said Robert Giordano, an economist with Goldman Sachs.

July's consumer price increased followed a rise of 0.5 percent in June

WORLD STOCK MARKETS

Agence France Presse Aug. 16

Amsterdam

	Close	Prev
ABN Bank	33	33.50
ACF Holding	41.20	41.10
Aegon	117.60	118.10
Ahold	127.90	130.50
Akzo	101.30	102.60
AMEV	50.50	51.10
A'Dam Rubber	5.10	5
Amro Bank	66.10	67.30
Bols	180	180
Buhrmann Tett	64.40	66.20
BVG	21.50	21.50
Center Parcs	61.70	62
CSM	81.80	83.10
DAF	24.90	26.30
DSM	98.20	98.30
Elsevier	86	87
Fokker	44.90	45.60
Gist-Brocades	28	29
Heineken	120.50	122.40
Hoogovens	60.80	56.80
Hunter Douglas	77.50	79.50
IHC Caland	49.80	50
Inter Mueller	65.20	65.80
KLM	24.30	26.30
KNP	41.30	42.40
Nat Neder	66.40	66.90
Nedlloyd	60.30	61.40
NMB Postbank	44.30	44.20
Oce Grinten	51.10	51.80
Pakhoed	209.50	203.70
Philips	25.30	25.50
Robeco	92.70	93.50
Rodamco	75.60	75.10
Rolinco	90.50	91.70
Rorento	59.10	57.10
Royal Dutch	146.90	145.80
Unilever	149.40	149.60
Van Ommeren	37.20	38.10
VMF Stork	51.30	51.50
VNU	90.50	91.20
Wessanen	59.50	61.20
Wolters/Kluwer	49.40	49.90

CBS Gen'l Trend Index : 196.30
Previous : 197.30

Brussels

	Close	Prev
AG Fin	8500	8503
Arbed	4560	4600
Barco	1855	1900
Bekaert	11400	11500
Cockerill	162	160
Cobepa	5190	5200
Delhaize	6000	6080
EBES	3910	3950
GB-Inno-BM	1320	1326
GBL	3660	3625
Gevaert	6000	7940
Hoboken	N.Q.	15050
Intercom	3110	3090
Kredietbank	3835	3835
Petrofina	11025	11250
Royal Belge	5100	5100
Soc Gen Banque	4550	4500
Soc Gen Belgique	2920	2935
Sofina	11475	11500
Solvay	11650	11675
Tractebel	7970	7910
UCB	22600	22450
Unerg P?	2210	2150

Current Stock Index : 5737.91
Previous : 5718.93

Frankfurt

	Close	Prev
AEG	276	275
Allianz Hold	2670	2685
Altana	526	532
Asko	974	970
BASF	255.10	257.90
Bayer	258	261.80
Bay. Hypo bank	369.50	376.20
Bay Vereinsbk	405	407.50
BBC	823	835
BHF Bank	448	452
BMW	518	523
Commerzbank	275.50	279.50
Continental	310	309
Daimler Benz	761	771
Degussa	402	405
Dt Babcock	179.50	184.20
Deutsche Bank	735	742.50
Douglas	840	850
Dresdner Bank	419	421.80
Feldmuehle	502.50	503
Harpener	480	473
Henkel	606	605
Hochtief	1305	1318
Hoechst	253.10	255.10
Hoesch	297	301.50
Holzmann	1428	1470
Horten	261.50	260
IWKA	335	340
Kali Salz	238	239
Karstadt	685	680
Kaufhof	626.50	623
KHD	237.50	237
Kloeckner Werke	174.50	173
Krupp Stahl	339	339
Linde	923	914
Lufthansa	134.50	136
MAN	396	395
Mannesmann	297.50	300.50
Metallgesell	570	545
Muench Rueck	2550	2550
Nixdorf	320.50	315
PKI	520	521
Porsche	1035	1040
Preussag	364	366
PWA	266	263
RWE	415.50	417
Rheinmetall	380	383
Schering	735	730
SEL	385	385.50
Siemens	675.90	683.20
Thyssen	253.50	255.50
Varta	354	352
Veba	378.50	386.50
VEW	227	229.50
Viag	376	376
Volkswagen	536.50	542.50
Wella	731	731

DAX Index : 1727.42
Previous : 1742.20
FAZ Index : 730.42
Previous : 736.95

Helsinki

	Close	Prev
Amer A	120	120
Enso-Gutzeit	28	28
K.O.P.	43	42.10
Kymmene	81	81
Nokia	94.50	93
Pohjola	147	140
Stockmann	200	200
United Papers	140	145
Wartsila	390	370

Unitas Index : 537.40
Previous : 537.40

Hong Kong

	Close	Prev
Bk East Asia	14.50	14.60
Cathay Pacific	8.60	8.70
Cavendish Int'l	3.78	3.75
Cheung Kong	12.30	12.30
China Light Pwr	14.80	14.50
Dairy Farm Int'l	9.85	9.75
Hang Lung Dev	5.30	5.30
Hang Seng Bank	21.10	21.10
Henderson Land	8.10	7.95
HK Air Eng.	18.50	18.70
HK China Gas	11.30	11.20
HK Electric	9.10	9.10
HK Land	8.20	8.20
HK Realty Trust	4.78	4.83
HK Shang Bank	5.75	5.80
HK Shang Hlts	4.73	4.58
HK Telecomm	6.35	6.30
HK Ferry	4.60	4.65
Hutch Whampoa	11.30	11.30
Hysan Dev	1.23	1.23
Jardine Math.	32.25	32.50
Jardine Str Hld	16.10	16.10
Kowloon Motor	6.10	6.15
Mandarin Orient	5.20	5.20
Miramar Hotel	6.10	6.15
New World Dev	10.20	10.20
SHK Props	13.60	13.50
Stelux	3.88	3.85
Swire Pac A	18.30	18.10
Tai Cheung Prps	3.73	3.75
TVE	1.10	1.12
Wharf Hold	8.50	8.80
Wing On Co	7	7.10
Winsor Ind.	8	8
World Int'l	4.15	4.13

Hang Seng Index : 3183.29
Previous : 3175.37

Johannesburg

	Close	Prev
AECI	15.35	15.35
Altech	69	69
Anglo Amer	121.75	120
Barlows	37	37
Blyvoor	15	17.50
Buffels	64	64
GFSA	89	85
Harmony	37.50	38
Highveld Steel	14.60	15
Kloof	41.63	40.25
Nedbank Grp	12	12
Rusplat	86.50	85
SA Brews	41.75	40.60
St Helena	43	42
Sasol	14.75	14.50
Welkom	27	29
Western Deep	152	150

Composite Stock Index : 3171
Previous : 3173

London

	Close	Prev
Allied Lyons	4.67	4.82
Anglo Am Gld	49.69	50.03
AA Corp	17.44	17.86
Asda-MFI Gp	1.17	1.20
Ass Brit Foods	4.05	4.03
Barclays	3.72	3.77
Bass	10.45	10.54
B.A.T	5.57	5.54
Blue Circle	2.15	2.20
BOC Group	4.96	5.01
Boots	2.99	3.02
Bowater	4.83	4.86
BAe	5.41	5.48
BAA	4.15	4.22
Brit Airways	1.72	1.79
British Gas	2.30	2.29
BP	3.67	3.60
British Steel	1.27	1.30
Brit Telecom	2.89	2.93
BTR	3.75	3.78
Burmah Oil	5.88	5.88
Cable Wire	4.77	4.87
Cadbury Sch	3.36	3.37
Charter Cons	4.40	4.40
Comm Union	4.85	4.98
Cookson	1.52	1.54
Courtaulds	3.15	3.24
Dalgety	3.57	3.58
De Beers	N.Q.	
Dixons	1.37	1.41
Driefontein	7.38	7.25
Eurotunnel	4.50	4.86
Fisons	3.47	3.55
Gen Acc F	4.98	5.02
GEC	1.87	1.87
GKN	3.20	3.57
Glaxo	7.62	7.49
Grand Met	6.09	6.13
Gt Univ Stores	13.75	13.75
GRE	2.08	2.12
Guinness	7.20	7.34
Hanson Tr	2.17	2.17
Hawker Sidd	5.03	5.03
ICI	9.46	9.52
Kingfisher	3.35	3.40
Land Sec	5.01	5.06
Legal Gen Grp	3.90	3.90
Lloyds Bank	2.76	2.78
Lonrho	2.62	2.64
Lucas Ind	1.35	1.37
Marks Sp	2.31	2.34
Maxwell	1.70	1.70
MB Group	1.90	1.93
Midland Bk	2.55	2.61
NatWest	2.96	3.04
Pearson Grp	7.17	7.23
P and O	5.82	5.82
Pilkington	1.72	1.76
Prudential	2.16	2.21
Racal Elec	1.75	1.79
Randfontein	3.53	3.59
Rank Org	6.73	6.77
Reed Intl	3.96	4.06
Reuters	9.30	10.13
Rolls Royce	1.95	1.98
Royal Dutch	43.63	43.75
RTZ	5.30	5.28
Saatchi	0.64	0.65
Sainsbury	2.95	2.96
Sears Holds	0.91	0.91
Shell	4.83	4.74
Skbeec	3.54	3.57
STC	2.48	2.50
Std Chart Bk	4.12	4.34
Storehouse	1.32	1.31
Sun Alliance	2.97	3.03
Tate and Lyle	2.75	2.77
Tesco	2.26	2.23
Thorn EMI	6.93	6.85
T.I. Group	4.72	4.80
Trafalgar Hse	2.65	2.70
THF	2.64	2.70
Ultramar	3.39	3.41
Unilever	6.62	6.70
Utd Biscuits	3.40	3.39
Vickers	2.20	2.23
War Loan 3½	31.13	31.44
Wellcome	5.07	5.30
Woolworth	14.38	14.50

F.T. 30 Index : 1739.60
Previous : 1749.10
F.T.S.E. 100 Index : 2222.10
Previous : 2259.50

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	3100	3010
Banco Central	5000	4990
Bco. Santander	4565	4490
Banesto	3885	3735
CEPSA	2045	2040
Dragados	2420	2380
Iberduero	612	592
Telefonica	851	830

S.E. General Index : 264.83
Previous : 260.83

Milan

	Close	Prev.
Banca Comm	5320	5375
Bastogi	300	287
Cigahotels	4710	4700
CIR	4180	4150
Cred Ital	2760	2707
Enimont	1250	1230
Eridania	9005	9195
Ferruzzi Fin.	2635	2632
Ferruzzi Agr.	2350	2340
Fiat SPA	7440	7295
Generali	38950	38350
IFI	19800	19600
Italcem	12820	12820
Italgas	2851	2830
Italmobiliare	21420	21200
Mediobanca	17700	17400
Montedison	1650	1640
Olivetti	5120	5000
Pirelli	2050	1990
RAS	23000	22900
Rinascente	7395	7330
Saipem	2625	2700
SIP	1473	1448
SME	4305	4119
Snia	2020	2000
Standa	29850	29930
Stet	2299	2230
Toro Assi Risp	24000	23790

n: x 100.
MIB Current Index : 941.50
Previous : 934.30

Montreal

	Close	Prev.
Alcan Aluminum	25⅝	25⅝
Bank Montreal	27⅛	27⅛
Bell Canada	37⅛	37¼
Bombardier A	18⅛	18⅛
Bombardier B	18⅜	18⅝
Cambior	14⅛	14⅛
Cascades	3⅞	3.80
Dominion Text A	9⅛	9⅛
Donohue	N.Q.	—
MacMillan Bl	17½	17⅝
Memotec	8½	8½
Natl Bk Canada	9⅞	9⅞
Noverco	N.Q.	—
Power Corp.	15⅝	15⅝
Provigo	9⅛	9
Quebec Tel	14⅞	N.Q.
Quebecor A	11⅛	11⅛
Quebecor B	11	11⅛
Videotron	11⅛	11½

Industrials Index : 1525.44
Previous : 1545.35

Paris

	Close	Prev.
Accor	849	858
Air Liquide	488	487
Avions Dassault	470	471
Bancaire (Cie)	451	435
BIC	558	580
Bongrain	2890	2940
Bouygues	538	533
BSN-GD	793	781
Carrefour	3261	3245
Cerus	285.50	280.10
C.G.E.	555	547
Chargeurs	793	809
Club Med	500	506
Dumez	645	641
Elf-Aquitaine	690	686
Europe 1	1090	1100
Gen. Eaux	2345	2320
Hachette	199.70	213
Havas	544	539
Imetal	299	299
Lafarge Coppee	388	387.50
Legrand	3915	3990
Oreal (L')	497	495
L.V.M.H.	3745	3724
Matra	292	295
Merlin Gerin	535	530
Michelin B	80.65	81.50
Moulinex	84	82
Occidentale	650	630
Paribas	519	515
Pernod-Ricard	1050	1065
Perrier	1399	1400
Peugeot	615	610
Printemps (Au)	540	545
Radiotechnique	500	500
Raff. St. Louis	1185	1198
Redoute (La)	2707	2700
Roussel Uclaf	2060	2060
Saint Gobain	418	416.50
Sanofi	880	869
S.E.B.	1071	1078
Skis Rossignol	960	975
Ste Generale A	484	471.50
Suez	336	338
Telemecanique	4580	4650
Thomson-CSF	101.80	100
Total	600	597
Valeo	419	410

CAC 40 Index : 1723.41
Previous : 1712.03

Sao Paulo

	Close	Prev.
Banco do Brasil	20	20.20
Bradesco	1.75	1.74
Brahma	7.50	7.90
Paranapanema	1.63	1.65
Petrobras	181	192
Vale Rio Doce	41.40	42.30
Varig	19.50	19

Bovespa Index : 28905
Previous : 29445

Singapore

	Close	Prev.
City Dev.	3.22	3.18
DBS	11	10.90
Fraser Neave	7.45	7.60
Genting	10.30	10.30
Harrisons Plant	1.50	1.47
Haw Par	2.57	2.61
Hume	3.94	4
Inchcape	4.86	4.80
Keppel	6.65	6.75
KL Kepong	2.61	2.50
Lum Chang	1.20	1.21
Malayan Banking	8.75	8.60
OCBC	8.15	8.30
OUB	4.62	N.Q.
OUE	7.05	N.Q.
Sembawang	5.70	5.50
Shangrila	7.45	7.55
Sime Darby	2.77	2.78
SIA	12.40	12.40
S'pore Land	13.80	13.90
S'pore Press	9.20	9.25
Sing Steamship	3.22	3.18
Straits Trading	3	2.98
UOB	6	6
United Overseas	1.71	1.76

Straits Times Ind. : 1327.36
Previous : 1317.30

Stockholm

	Close	Prev.
AGA	305	305
Alfa Laval	235	250
Asea	740	790
Astra-A	209	218
Atlas Copco	292	300
Electrolux B	218	223
Ericsson	1270	1270
Esselte-A	235	230
Handelsbanken	131	128
Pharmacia-A	223	223
Norsk Hydro	233.50	231.50
Saab-Scania	280	290
Sandvik	295	310
SCA-A	118	117
S-E Banken	80.50	81
Skandia F	186	186
Skanska	455	460
SKF	129	134
Stora	310	319
Trelleborg B	159	N.A.
Volvo	322	322

Affaersvaerlden : 1189.50
Previous : 1204.40

Sydney

	Close	Prev
ANZ	4.64	4.67
BHP	11.35	11.20
Bond	N.Q.	
Boral	3.25	3.26
Bougainville	1.27	1.26
Coles Myer	7.80	7.80
Comalco	4.30	4.25
CRA	11.90	12
CSR	5.12	5.12
Dunlop	5	5.02
Elders IXL	1.73	1.72
ICI Australia	4.17	4.15
Magellan	1.89	1.87
MIM	2.54	2.57
Nat Aust Bank	6.72	6.72
News Corp	11.60	11.65
N Broken Hill	2.38	2.41
Poseidon	2.50	2.54
QCT Resources	1.49	1.50
Santos	4.87	4.95
TNT	2.46	2.46
Western Mining	5.46	5.56
Westpac Banking	4.38	4.84
Woodside	3.17	3.17

All Ordinaries Index : 1557.90
Previous : 1563

Tokyo

	Close	Prev
Akai Electr	803	831
Asahi Chemical	762	783
Asahi Glass	1410	1470
Bank of Tokyo	1220	1270
Bridgestone	1310	1370
Canon	1640	1690
Casio	1370	1430
C.Itoh	710	729
Dai Nippon Print	1700	1670
Daiwa House	2120	2180
Daiwa Securities	1180	1240
Fanuc	6390	6490
Fuji Bank	2390	2370
Fuji Photo	4040	4130
Fujitsu	1270	1340
Hitachi	1330	1390
Hitachi Cable	987	1020
Honda	1525	1560
Ito Yokado	3510	3550
Japan Air Lines	1550	1590
Kajima	1490	1540
Kansai Power	2900	2990
Kawasaki Steel	505	522
Kirin Brewery	1650	1680
Komatsu	1050	1080
Kubota	814	825
Kyocera	8000	8180
Matsu Elec Inds	1820	1890
Matsu Elec Wks	1820	1850
Mitsubishi Bk	1970	1970
Mitsubishi Kasei	[illegible]	639
Mitsubishi Elec	856	884
Mitsubishi Hev	835	870
Mitsubishi Corp	1280	1300
Mitsui and Co	780	800
Mitsukoshi	1473	1473
Mitsumi	2350	2220
NEC	1750	1750
NGK Insulators	1260	1280
Nikko Securities	1020	1040
Nippon Kogaku	1480	1450
Nippon Oil	1320	1280
Nippon Steel	519	545
Nippon Yusen	713	749
Nissan	955	973
Nomura Sec	1850	1930
NTT (SF)	8753	[illegible]
Olympus Optical	[illegible]	[illegible]
Pioneer	[illegible]	[illegible]
Ricoh	[illegible]	[illegible]
Sanyo Elec	[illegible]	[illegible]
Sharp	1520	1580
Shimazu	1020	1030
Shinetsu Chem	1470	1500
Sony	7850	8080
Sumitomo Bk	2050	2100
Sumitomo Chem	579	594
Sumi Marine	890	900
Sumitomo Metal	503	530
Taisei Corp	1090	1150
Taisho Marine	930	990
Takeda Chem	1440	1450
TDK	6750	6625
Teijin	637	653
Tokio Marine	1140	1180
Tokyo Elec Pw	3500	3590
Toppan Printing	1540	1560
Toray Ind.	699	720
Toshiba	973	995
Toyota	2000	2030
Yamaichi Sec	1010	1060

Nikkei 225 : 27549
Previous : 28112
Topix Index : 2067
Previous : 2097

Toronto

	Close	Prev.
Abitibi Price	15⅛	15⅛
Agnico Eagle	8⅛	8⅛
Air Canada	8¼	9⅛
Alberta Energy	18⅛	19⅛
Am Barrick Res	[illegible]	[illegible]
BCE	37⅝	37⅝
BCED	0.22	0.21
Bk Nova Scotia	14⅝	14⅝
BC Gas	15⅛	15⅛
BC Phone	18⅛	18⅛
BP Canada	19⅛	19⅛
Bramalea	11⅛	11⅛
Brunswick	9⅛	9⅛
CAE	7	6⅞
Campeau	1.46	1½
CIBC	26⅛	26⅝
Canadian Pacific	19⅛	19⅛
Can Packers	10	10⅛
Can Tire A	20⅛	21⅛
Cantor	24⅝	25⅝
Cara	16	N.Q.
CCL Ind B	9⅛	9⅛
Cineplex	3.80	3.65
Cominco	25⅝	25⅝
Conwest Expl A	N.Q.	—
Corona A	7⅛	7½
Denison Min B	1.65	1.76
Dickenson Min A	5⅛	5
Dofasco	21⅞	22
Dylex A	4.60	4.45
Echo Bay Mines	16⅛	15⅞
Equity Silver A	1.40	1.40
FCA Intl	10⅝	N.Q.
Fed Ind A	12	12⅛
Fletcher Chall A	15⅛	15⅛
FPI	4.85	4.90
GoldCorp	4.80	4.70
Gulf Cda Res	16⅛	16½
Hees Intl	22⅛	22⅞
Hemlo Gld Mines	14⅞	14
Hollinger	12⅜	12½
Horsham	10⅛	10⅛
Hudson Bay	6	5⅛
Imasco	36⅛	36⅝
Inco	33⅞	34
Interhome	49⅛	49
Jannock	15⅛	15⅛
Labatt	22⅛	22⅛
Loblaw Co	16⅞	16⅞
Mackenzie	7⅛	7½
Magna Intl A	3.20	3.15
Maritime	17	16⅝
Mark Res	12	11⅝
MacLean Hunt X	8⅞	8⅛
Molson A	34⅛	34⅛
Noma Ind A	6⅛	6⅛
Noranda	18⅞	19
Noranda Forest	10	10⅛
Norcen Energy	27⅛	27⅛
Nova Corp	8⅛	8⅛
Oshawa	30⅛	30⅛
Pagurin A	7⅛	7½
Placer Dome	22⅛	21⅛
Poco Petroleum	8⅛	7⅛
PWA Corp	9⅛	10
Quebec Sturgeon	1	N.Q.
Rayrock	10½	10½
Renaissance	15⅛	15
Rogers B	7⅛	7⅝
Rothmans	N.Q.	—
Royal Bank Can	23⅛	23⅛
Royal TrustCo	13⅛	13⅛
Sceptre Res	4⅛	4.10
Scott's Hosp	14⅛	14⅛
Seagram	91⅞	92⅛
Sears Can	10⅛	10⅛
Shell Can	40½	40⅛
Sherritt Gordon	7⅛	N.Q.
SHL Systemhse	7⅛	7⅛
Southam	21	21⅛
Spar Aerospace	10⅛	10⅛
Stelco A	16	16⅛
Teck B	27⅛	27⅛
Thomson News	13⅛	13⅛
Toronto Domn	18⅛	18⅛
Torstar B	24½	N.Q.
Transalta Util	12	12
TransCda Pipe	16⅛	16⅛
Trilon Finl A	17	17
Trimac	7⅛	7⅛
Trizec A	18⅛	18⅛
Turbo Resources	0.40	0.42
Unicorp A	1⅛	N.Q.
Woodward's Ltd	N.Q.	1.35

TSE 300 Index : 3510.60
Previous : 3504.80

Zurich

	Close	Prev.
Adia Intl	1180	1220
Alusuisse	1295	1325
Bank Leu	3050	2850
Brown Boveri	5590	5760
Ciba Geigy	2750	2760
CS Holding	2090	2100
Elektrow	3070	3060
Fischer	1820	1830
Interdiscount	4010	4060
Jacobs Suchard	8380	8360
Jelmoli	1960	1970
Landis Gyr	1360	1370
Moevenpick	5900	5750
Nestle	7940	8050
Oerlikon-B	950	970
Pargesa Hld	1310	1300
Roche Holding B	3810	3790
Sandoz	1940	1950
Schindler	6350	6500
Sulzer	650	645
Surveillance	5600	5490
Swissair	810	810
SBC	298	297
Swiss Reinsur	544	550
Swiss Volksbank	1380	1380
Union Bank	3170	3220
Winterthur	3800	3810
Zurich Ins	1083	1970

SBS Index : 614.60
Previous : 617.80

U.S. FUTURES

Via Associated Press Aug. 16

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
3.73	2.77½	Sep	2.86	2.86½	2.83	2.84½	—.00¾
3.80	2.92¾	Dec	2.98¼	3.00¾	2.97¾	2.97¾	+.00¼
3.85	3.01½	Mar	3.10	3.10	3.07	3.09	+.00¾
3.73	3.05	May	3.12½	3.13	3.10½	3.11½	—.00½
3.43	3.05	Jul	3.13	3.15½	3.12½	3.14	+.01½
3.26	3.10	Sep				3.18½	+.01½
Est. Sales	Prev. Sales 12,812						
Prev. Day Open Int. 59,408 off 624							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
2.97	2.29	Sep	2.48	2.50	2.47½	2.49	+.01½
2.96½	2.22	Dec	2.45	2.45¾	2.43½	2.44½	+.00¾
3.02½	2.41	Mar	2.53¼	2.54	2.52	2.52½	
3.06½	2.49¾	May	2.59¼	2.60	2.58	2.58½	—.00¾
3.08¼	2.59¼	Jul	2.62¾	2.63¾	2.61½	2.61½	—.00¾
2.87½	2.57	Sep	2.59½	2.59½	2.55¼	2.55¾	—.01¾
2.75	2.52½	Dec	2.57¾	2.58	2.53¾	2.54½	—.03½
Est. Sales	Prev. Sales 29,285						
Prev. Day Open Int.207,753 off 322							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
7.05	5.77¼	Aug	6.14	6.15	6.10	6.12½	—.00½
6.76	5.68	Sep	6.16	6.17¾	6.12½	6.15¾	
6.82	5.64½	Nov	6.28½	6.30	6.24	6.27	
6.92	5.87	Jan	6.40½	6.41½	6.36½	6.38¼	—.01¼
7.03	5.45½	Mar	6.52	6.53½	6.48½	6.51	+.01
7.11	6.14½	May	6.59½	6.61	6.57	6.60	+.02¼
7.18	6.25	Jul	6.66½	6.67	6.63½	6.65¾	
6.95	6.28	Aug	6.56	6.56	6.55	6.55	+.05
6.54	6.29	Sep				6.30	—.03
6.74	6.12½	Nov	6.26½	6.27	6.20	6.20	—.03¼
Est. Sales	Prev. Sales 40,007						
Prev. Day Open Int. 93,309 up 1,003							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
198.00	165.30	Aug	174.50	175.00	173.50	174.40	
200.00	166.80	Sep	176.00	176.50	174.80	175.90	+.10
200.00	168.00	Oct	177.70	178.50	176.70	177.30	
285.50	170.50	Dec	182.00	182.50	180.70	182.10	+.50
204.00	171.50	Jan	183.80	183.80	182.50	183.20	+.20
212.00	174.50	Mar	186.50	186.50	185.00	185.90	—.10
208.00	175.80	May	188.00	188.00	186.80	187.20	
209.00	177.50	Jul	189.00	189.50	189.00	189.50	+1.50
190.50	176.50	Aug				189.50	+2.00
184.50	175.50	Sep	188.00	188.00	188.00	189.00	+1.50
Est. Sales	Prev. Sales 18,080						
Prev. Day Open Int. 62,361 up 837							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
25.75	19.50	Aug	24.70	24.70	24.36	24.48	—.15
25.62	19.50	Sep	24.42	24.45	24.17	24.24	—.19
25.56	19.65	Oct	24.45	24.46	24.19	24.28	—.15
25.46	19.75	Dec	24.56	24.61	24.37	24.47	—.09
25.31	19.81	Jan	24.69	24.70	24.55	24.61	—.09
25.25	19.82	Mar	24.75	24.87	24.66	24.71	—.09
25.30	20.15	May	24.86	24.87	24.80	24.84	—.06
25.15	21.05	Jul	24.80	24.80	24.75	24.90	—.03
24.35	24.35	Aug	24.85	24.88	24.85	24.88	—.02
23.90	23.85	Sep				24.75	—.10
Est. Sales	Prev. Sales 21,544						
Prev. Day Open Int. 82,862 up 332							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
79.42	69.12	Aug	78.50	78.57	78.32	78.47	—.10
79.10	68.30	Oct	77.65	77.97	77.65	77.92	+.12
78.12	71.00	Dec	76.45	76.70	76.37	76.52	—.03
77.80	72.50	Feb	75.95	76.15	75.90	76.07	+.07
78.05	74.15	Apr	76.40	76.60	76.40	76.52	+.10
75.45	72.62	Jun	74.45	74.45	74.37	74.42	+.02
73.80	72.27	Aug	73.15	73.15	73.10	73.10	+.05
Est. Sales 7,703	Prev. Sales 11,362						
Prev. Day Open Int. 67,869 off 1,101							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
90.35	78.50	Aug	90.00	90.20	89.95	89.97	—.03
88.85	78.00	Sep	87.92	88.40	87.92	88.10	+.20
87.82	78.20	Oct	86.50	86.97	86.50	86.67	+.25
87.75	79.00	Nov	86.27	86.70	86.27	86.47	+.07
87.15	79.75	Jan	85.55	85.85	85.55	85.95	+.25
85.60	80.90	Mar	84.55	84.65	84.40	84.65	+.20
84.85	81.20	Apr	83.87	84.00	83.87	84.00	+.15
83.50	81.10	May	83.00	83.00	83.00	83.00	—.05
Est. Sales 994	Prev. Sales 1,299						
Prev. Day Open Int. 11,464 up 106							
HOGS (CME) 30,000 lbs.- cents per lb.							
63.42	43.70	Aug	56.95	57.60	56.90	57.57	+.70
55.70	40.80	Oct	49.40	50.12	49.47	49.85	+.37
55.45	44.25	Dec	50.15	50.60	50.05	50.10	—.07
52.95	45.25	Feb	48.25	48.45	48.10	48.25	—.17
48.80	44.05	Apr	44.50	44.70	44.35	44.37	—.05
51.85	48.25	Jun	49.00	49.05	48.70	48.70	—.10
51.00	48.55	Jul				49.20	+.20
48.80	47.10	Aug	47.30	47.30	47.30	47.75	
Est. Sales 6,304	Prev. Sales 5,442						
Prev. Day Open Int. 30,577 off 1,084							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
69.15	39.20	Aug	51.25	51.30	48.95	48.95	—2.00
63.45	48.07	Feb	53.45	53.80	52.47	53.07	—.43
62.95	49.20	Mar	53.20	53.50	52.25	52.95	—.27
63.00	49.50	May	53.40	53.70	53.00	53.45	—.05
57.25	50.30	Jul	53.55	52.55	53.50	53.55	+.05
Est. Sales 3,468	Prev. Sales 3,136						
Prev. Day Open Int. 6,137 off 121							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
120.00	77.25	Sep	96.05	96.55	93.80	94.30	—1.60
109.50	81.00	Dec	97.60	97.60	97.60	98.20	—1.39
116.75	83.00	Mar	102.50	103.60	101.50	101.60	—1.15
123.00	91.25	May	104.75	105.65	103.80	103.80	—.80
110.00	92.75	Jul	107.00	107.50	107.00	105.90	—1.10
109.65	97.50	Sep	108.90	108.90	108.90	108.75	—.40
110.50	86.90	Dec	112.00	112.20	112.00	111.60	—.30
Est. Sales 1,793	Prev. Sales 8,166						
Prev. Day Open Int. 41,306 off 1,106							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
16.13	9.78	Oct	10.84	11.19	10.82	11.14	+.24
15.22	9.73	Mar	10.73	10.96	10.73	10.92	+.15
15.05	9.88	May	10.75	10.95	10.75	10.91	+.14
14.90	9.88	Jul	10.73	10.93	10.71	10.88	+.09
14.40	.72	Oct	10.90	11.03	10.90	10.97	+.11
Est. Sales 16,092	Prev. Sales 16,018						
Prev. Day Open Int.123,294 off 1,315							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1541	941	Sep	1090	1092	1078	1084	+10
1558	965	Dec	1147	1149	1137	1144	+11
1581	985	Mar	1193	1193	1182	1186	+6
1572	1009	May	1221	1223	1215	1216	+3
1590	1060	Jul	1250	1255	1249	1246	+3
1515	1264	Sep	1275	1275	1273	1277	+8
1475	1340	Dec				1307	+8
Est. Sales 4,331	Prev. Sales 6,407						
Prev. Day Open Int. 50,913 up 62							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
202.00	123.50	Sep	180.95	180.95	179.30	180.40	+.05
199.50	124.00	Nov	169.00	169.00	167.30	168.90	+.15
191.00	125.00	Jan	165.00	166.00	162.80	164.50	+.25
190.80	156.00	Mar	164.80	164.00	164.00	164.00	+.10
190.00	157.00	May	163.50	163.50	163.50	163.40	—.15
180.00	162.00	Jul				163.40	—.15
Est. Sales	Prev. Sales 220						
Prev. Day Open Int. 7,209 off 144							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
HI GRADE COPPER 25,000 lbs.- cents per lb.							
135.00	95.00	Aug	134.60	134.60	132.30	132.30	—1.30
135.00	92.50	Sep	132.60	134.60	131.80	132.45	—.90
130.70	94.50	Oct	131.00	131.50	131.00	130.15	—.40
128.75	94.50	Nov				126.65	—.35
126.20	91.50	Dec	124.80	125.80	123.10	123.95	—.35
121.50	94.80	Jan	121.00	121.00	121.00	121.45	—1.00
115.30	99.50	Feb				119.35	—.35
119.00	92.20	Mar	117.90	118.50	117.00	117.85	—.75
115.50	99.85	Apr				115.30	—.75
113.30	97.00	May				113.55	—.75
108.20	102.30	Jun				111.85	—.75
110.20	96.50	Jul	110.00	110.00	110.00	110.35	—.75
104.40	95.50	Sep	108.00	108.00	108.00	108.15	—.75
106.75	94.50	Dec	107.00	107.00	107.00	105.65	—.75
		Jan				104.35	—.75
99.25	96.00	Mar				103.25	—.75
		May				102.25	—.75
Est. Sales 6,400	Prev. Sales 6,839		Prev. Day Open Int. 31,552			Chg. +295	
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
75.00	75.00	Aug				78.50	
76.00	73.20	Sep				80.00	
		Oct				80.00	
75.00	75.00	Dec				80.00	
75.00	75.00	Jan				80.00	
75.00	75.00	Mar				80.00	
75.00	75.00	May				80.00	
75.00	75.00	Jul				80.00	
		Sep				80.00	
75.00	75.00	Dec				80.00	
75.00	75.00	Jan				80.00	
75.00	75.00	Mar				80.00	
		May				80.00	
Est. Sales	Prev. Sales						
Prev. Day Open Int. 3							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
514.5	477.8	Aug	507.0	515.0	507.8	516.8	+10.8
760.0	481.0	Sep	508.0	520.5	508.8	518.5	+9.7
517.0	496.0	Oct				522.0	+9.7
742.0	492.0	Dec	519.5	532.0	519.5	530.8	+9.9
488.0	499.0	Jan	528.0	533.5	528.0	532.3	+9.9
665.0	502.5	Mar	531.5	542.5	531.0	540.8	+10.0
647.0	510.0	May	545.0	545.0	545.0	548.0	+10.0
667.5	516.5	Jul	549.0	557.0	549.0	555.4	+10.0
654.0	524.0	Sep				563.3	+10.0
623.5	535.0	Dec	568.0	568.0	567.0	574.8	+10.0
596.0	546.0	Jan				578.7	+10.0
613.0	548.0	Mar	590.0	590.0	590.0	586.8	+10.0
589.0	557.0	May				595.3	+10.0
Est. Sales 22,000	Prev. Sales 23,589						
Prev. Day Open Int.101,338 up 788							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
500.00	470.00	Aug				499.10	+4.40
560.50	472.50	Oct	500.00	505.90	497.50	504.60	+3.90
551.00	477.40	Jan	507.00	512.00	505.50	510.60	+4.20
554.50	485.50	Apr				515.60	+4.00
528.50	495.00	Jul				521.30	+4.00
513.00	506.00	Oct				526.80	+4.00
Est. Sales	Prev. Sales 3,682						
Prev. Day Open Int. 18,169 off 884							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
149.50	111.65	Sep	115.50	116.50	115.25	116.15	+.45
147.00	112.00	Dec	117.50	118.00	117.50	117.95	+.45
142.00	115.95	Mar				119.45	+.45
125.25	117.50	Jun				120.95	+.45
119.40	119.40	Sep				122.95	+.45
Est. Sales	Prev. Sales 528						
Prev. Day Open Int. 5,451 off 96							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
482.00	348.20	Aug	401.00	409.00	400.50	409.20	+6.60
387.00	[illegible]	Sep				410.20	+6.20
472.00	356.50	Oct	403.50	413.20	404.70	412.80	+6.30
456.50	357.00	Dec	409.80	418.00	409.90	417.90	+6.30
457.50	362.00	Feb	414.00	421.50	413.50	422.30	+6.50
460.00	364.20	Apr	418.50	426.00	418.00	426.30	+6.50
466.20	372.00	Jun	425.00	427.00	424.50	430.60	+6.60
448.00	375.00	Aug				434.80	+6.60
474.00	385.00	Oct				439.40	+6.70
483.00	385.50	Dec	436.00	436.00	436.00	444.50	+6.80
449.00	392.00	Feb	444.00	450.00	444.00	449.80	+6.90
429.50	396.50	Apr				454.80	+7.00
458.60	433.40	Jun	450.00	451.00	450.00	460.10	+7.10
Est. Sales 50,000	Prev. Sales 53,515						
Prev. Day Open Int.125,895 up 3,023							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
92.45	91.28	Sep	92.73	92.73	92.65	92.67	—.08
93.39	91.61	Dec	92.98	92.98	92.82	92.87	—.14
92.28	91.66	Mar	92.94	92.94	92.82	92.85	—.14
93.06	91.82	Jun	92.75	92.75	92.68	92.68	—.12
92.97	91.40	Sep	92.56	92.56	92.56	92.64	—.05
Est. Sales	Prev. Sales 5,871						
Prev. Day Open Int. 40,361 off 140							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
100-14	92-24	Sep	95-24	95-24	94-26	94-27	—26
97-31	94-7	Dec	95-19	95-19	94-22	94-24	—27
97-25	94-5	Mar	95-1	95-1	94-18	94-19	—26
Est. Sales	Prev. Sales 26,604						
Prev. Day Open Int. 75,136 off 818							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
100-4	79-1	Sep	90-5	90-5	89-18	89-22	—112
99-24	80	Dec	90-25	90-25	89-8	89-12	—112
99-12	79-21	Mar	90-7	90-7	88-29	89-1	—112
99-4	82-18	Jun	89-7	89-11	88-18	88-23	—112
99-5	88-4	Sep	88-29	89	88-11	88-14	—110
98-20	87-19	Dec	89-4	89-4	88-3	88-5	—19
98-13	87-18	Mar				87-29	—18
97-19	87-19	Jun				87-22	—18
92-19	87-14	Sep				87-16	—17
Est. Sales	Prev. Sales 373,940						
Prev. Day Open Int.316,859 up 1,448							
MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct							
95-11	84-21	Sep	90-31	90-31	90-4	90-12	—21
92-21	86-30	Dec	89-25	89-28	89-10	89-17	—22
89-29	88-10	Mar				88-31	—22
89-17	89-17	Jun				88-15	—22
89-6	89-6	Sep				88	—22
Est. Sales	Prev. Sales 2,037						
Prev. Day Open Int. 7,308 up 43							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
92.39	88.74	Sep	92.09	92.09	91.96	91.97	—.14
92.40	89.05	Dec	92.20	92.21	92.04	92.05	—.19
92.35	89.96	Mar	92.16	92.16	92.01	92.02	—.17
92.19	89.91	Jun	91.95	91.95	91.81	91.82	—.15
92.04	90.04	Sep	91.88	91.70	91.59	91.60	—.12
91.82	90.04	Dec	91.41	91.42	91.31	91.34	—.10
91.82	90.09	Mar	91.31	91.31	91.21	91.24	—.09
91.76	90.35	Jun	91.16	91.16	91.08	91.12	—.07
91.72	90.32	Sep	91.07	91.07	91.02	91.04	—.08
91.53	90.24	Dec	90.98	90.98	90.90	90.92	—.06
91.65	90.28	Mar	90.95	90.95	90.87	90.89	—.06
91.61	90.27	Jun	90.86	90.86	90.77	90.80	—.06
91.47	90.27	Sep	90.72	90.72	90.72	90.72	—.06
91.37	90.22	Dec	90.64	90.64	90.63	90.63	—.06
91.00	90.34	Mar	90.62	90.62	90.62	90.62	—.06
90.97	90.41	Jun	90.58	90.58	90.58	90.57	—.06
Est. Sales	Prev. Sales 76,141						
Prev. Day Open Int.736,222 up 5,679							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.9060	1.5290	Sep	1.8858	1.9020	1.8830	1.9012	+132
1.8666	1.5640	Dec	1.8658	1.8728	1.8530	1.8706	+138
1.8330	1.6610	Mar	1.8260	1.8260	1.8260	1.8422	+138
Est. Sales	Prev. Sales 17,498						
Prev. Day Open Int. 42,443 up 1,231							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8718	.8093	Sep	.8692	.8696	.8656	.8661	—38
.8614	.8059	Dec	.8595	.8599	.8565	.8567	—37
.8545	.7990	Mar	.8515	.8515	.8497	.8495	—34
.8428	.7995	Jun	.8450	.8450	.8445	.8428	—31
.8412	.7985	Sep				.8371	—28
Est. Sales	Prev. Sales 3,582						
Prev. Day Open Int. 41,856 off 431							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6435	.5525	Sep	.6396	.6447	.6378	.6445	+55
.6424	.5769	Dec	.6382	.6438	.6370	.6436	+57
.6400	.5820	Mar	.6370	.6378	.6370	.6423	+59
.6233	.6223	Jun				.6411	+59
		Sep				.6398	+59
Est. Sales	Prev. Sales 40,548						
Prev. Day Open Int. 70,412 off 3,688							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.007390	.006268	Sep	.006777	.006796	.006737	.006794	+12
.007060	.006298	Dec	.006777	.006795	.006748	.006795	+13
.006850	.006315	Mar	.006772	.006780	.006756	.006794	+14
.006836	.006645	Jun				.006794	+14
Est. Sales	Prev. Sales 38,275						
Prev. Day Open Int. 62,083 off 4,340							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.7729	.6050	Sep	.7658	.7760	.7640	.7755	+104
.7769	.6300	Dec	.7640	.7747	.7623	.7741	+109
.7656	.6500	Mar	.7630	.7662	.7614	.7727	+111
.7640	.7065	Jun				.7716	+110
.7390	.6916	Sep				.7707	+112
Est. Sales	Prev. Sales 31,028						
Prev. Day Open Int. 51,520 up 701							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.							
207.10	187.10	Sep	191.80	193.70	190.10	193.30	+.70
203.10	189.50	Nov	192.80	193.80	191.50	193.70	+.50
205.50	184.20	Jan	198.40	199.40	197.20	199.30	+.40
206.10	191.00	Mar	201.40	202.20	200.50	202.40	+.10
204.60	194.50	May	203.10	203.10	203.10	205.10	+.60
Est. Sales 641	Prev. Sales 321						
Prev. Day Open Int. 3,044 up 40							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
82.05	63.95	Oct	71.20	71.55	70.25	70.90	+.05
77.00	62.80	Dec	69.70	69.75	68.40	68.89	+.03
77.70	63.82	Mar	71.20	71.30	69.75	70.12	—.11
77.40	64.40	May	71.90	71.90	70.61	71.00	+.05
78.28	65.67	Jul	71.00	71.40	70.80	70.85	+.13
72.85	67.70	Oct	68.50	68.50	68.50	69.05	+.25
69.10	66.40	Dec	67.80	67.80	67.60	67.60	+.09
Est. Sales	Prev. Sales 9,950						
Prev. Day Open Int. 34,769 up 197							
HEATING OIL (NYME) 42,000 gal- cents per gal							
76.55	48.00	Sep	73.70	75.48	73.65	75.50	+2.65
75.47	50.05	Oct	73.75	75.61	74.30	75.61	+2.00
75.92	51.15	Nov	75.10	74.18	73.18	74.18	+2.00
76.59	52.37	Dec	75.80	76.51	75.80	76.51	+2.00
76.40	52.95	Jan	75.25	76.40	75.10	76.26	+1.86
74.80	52.60	Feb	73.65	74.85	73.58	74.85	+2.00
71.80	50.70	Mar	70.25	71.60	70.25	71.80	+2.00
69.45	49.30	Apr	67.75	69.05	67.75	69.05	+2.00
68.15	48.40	May	65.50	66.50	65.50	66.50	+1.50
67.30	48.00	Jun	64.75	65.95	64.75	65.95	+2.00
67.80	48.55	Jul	65.00	65.50	65.00	65.50	+1.75
Est. Sales	Prev. Sales 22,719						
Prev. Day Open Int. 98,781 off 861							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
29.05	14.50	Sep	26.80	27.50	26.70	27.40	+.94
27.50	16.58	Oct	26.75	27.38	26.55	27.25	+.89
26.95	17.30	Nov	26.15	26.70	26.05	26.60	+.79
26.72	17.80	Dec	25.80	26.15	25.55	26.15	+.73
26.41	17.87	Jan	25.30	25.60	25.20	25.60	+.57
26.01	18.15	Feb	25.10	25.35	24.85	25.25	+.40
26.42	18.40	Mar	24.77	24.95	24.61	24.95	+.43
26.33	18.83	Apr	24.28	24.60	24.28	24.55	+.34
25.90	18.80	May	24.15	24.30	24.10	24.37	+.22
25.60	16.45	Jun	24.30	24.30	23.92	24.22	+.20
25.25	17.06	Jul	24.30	24.30	23.85	24.01	+.11
25.20	18.70	Aug	24.00	24.05	23.70	23.70	—.10
25.00	19.10	Sep	23.80	23.90	23.60	23.60	—.11
24.34	19.60	Oct	23.70	24.00	23.55	23.55	—.11
24.61	19.18	Nov	23.60	22.60	23.40	23.40	—.21
24.80	19.45	Dec	23.60	23.60	23.40	23.40	+.06
24.45	21.23	Feb	23.60	23.60	23.60	23.60	+.14
Est. Sales	Prev. Sales 126,834						
Prev. Day Open Int.258,359 up 1,889							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
374.90	329.80	Sep	338.50	339.90	331.50	331.75	—9.90
378.50	333.90	Dec	342.40	342.85	335.00	335.65	—10.10
382.50	338.90	Mar	346.25	346.25	339.00	338.90	—10.10
383.25	344.90	Jun	343.10	343.10	343.10	343.00	—10.10
Est. Sales	Prev. Sales 41,742						
Prev. Day Open Int.129,236 up 1,159							
VALUE LINE (KCBT) points and cents							
297.50	253.00	Sep	260.75	261.30	254.90	255.10	—7.70
302.10	256.00	Dec	264.00	264.50	258.10	258.40	—7.70
300.80	260.25	Mar				262.10	—7.70
Est. Sales	Prev. Sales 31						
Prev. Day Open Int. 1,292 up 53							
NYSE COMP. INDEX (NYFE) points and cents							
198.30	181.00	Sep	185.30	186.00	181.40	181.65	—5.30
206.90	183.00	Dec	186.90	187.90	183.20	183.75	—5.30
207.80	187.70	Mar	189.40	189.40	189.40	185.85	—5.30
192.25	190.80	Jun	191.50	191.50	191.50	187.95	—5.30
Est. Sales	Prev. Sales 4,216						
Prev. Day Open Int. 6,427 up 90							

Commodity Indexes

	Close	Previous
Moody's	1,121.40 f	1,122.70 f
Reuters	1,772.10	1,773.90
D.J. Futures	134.67	134.16
Com. Research	238.89	237.87

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

KLM Profit Sank 82% in 1st Quarter

Reuters

AMSTERDAM — KLM Royal Dutch Airlines, the Dutch flag carrier, said Thursday that its net profit plunged 82 percent in the first quarter ended June 30, to 41.4 million guilders ($23.59 million).

The airline said its results would remain under pressure due to exchange rate developments and costs of air congestion.

Total revenue for the quarter rose 1.8 percent from a year earlier, to 1.67 billion guilders, while total costs jumped 9.4 percent. Fuel costs for the quarter, which ended before the Gulf crisis boosted world oil prices, fell 7.3 percent.

KLM noted that while traffic rose 6 percent above last year's level, income from traffic increased only by 2 percent, reflecting squeezed margins.

"Traffic was still quite reasonable, but when we translate our earnings in pounds, dollars and yen back to guilders it resulted in lower revenues," said a KLM spokesman, Nico Harmse.

KLM did not give an estimate for its full-year profit. Net profit was 340 million guilders in the previous financial year, which ended March 31.

On the Amsterdam Stock Exchange, KLM shares fell one guilder, to 25.50 guilders, on the poor profit figure, dealers said.

KLM said its net profit was down partly because of a low 13.6 million guilder extraordinary gain in the quarter, compared with a 125 million guilder gain last year, when it sold the parcel-delivery firm XP-Systems-VOF.

Its operating income dropped to 27.8 million guilders from 105.1 million in the first quarter of the previous financial year.

KLM said its income was reduced by 45 million guilders by currency movements.

Higher depreciation accounted for another 24.6 million guilders of the setback. The company said the higher depreciation charge was due to the introduction of Boeing 747-400 planes.

Minority interests in other airline companies, such as a 20 percent stake in Northwest Airlines of the United States, a 40 percent stake in the Dutch charter airline Transavia and a holding of about 30 percent in Martinair, made a loss of 23.5 million guilders against a loss of 2.1 million in the first quarter of last year.

Hewlett to Shift One Computer Unit to France

Reuters

PALO ALTO, California — Hewlett-Packard Co. said Thursday that it plans to move its Personal Computer Group headquarters to France from California.

Hewlett said it was moving its division from Silicon Valley to Grenoble, the Silicon Valley of the French computer industry, because it sells more than half its personal computers and terminals abroad and expects continued significant expansion of international markets.

Some research and development operations will remain in Sunnyvale, a company spokeswoman said, and no layoffs there are planned.

Meanwhile, the company said net income in its third quarter fell 5 percent, despite efforts to control costs.

Net income fell to $178 million from $187 million the year before, while revenues rose slightly to $3.24 billion from $3 billion.

"We're seeing a slowdown in a number of our businesses," John Young, the company's president, said.

U.K. Wages Show 10% Rise

Reuters

LONDON — Average earnings of British workers rose 10 percent in the year ended June 30 despite government appeals to employers to hold down wage costs to fight stubbornly high inflation, official figures showed Thursday.

In another blow to the Conservative government, trailing the opposition Labor Party in opinion polls, unemployment increased in July for the fourth consecutive month, to 5.7 percent.

The increase in unemployment, by a provisional, seasonally adjusted 10,900 to 1.63 million, and the year-to-year increase in earnings, which rose from 9.75 percent in May, were above market expectations.

Speaking of the high wage increases, Robert Jackson, parliamentary undersecretary of state at the Department of Employment, said, "Negotiators should remember that unrealistic settlements put people's jobs at risk and can also destroy the chances for future jobs growth."

The figures confirm that many British manufacturers and financial institutions are still awarding pay increases at or above the rate of inflation. Consumer prices rose by an annual rate of 9.8 percent in June.

David Owen, an economist at the London merchant bank Kleinwort Benson, estimated that wage agreements would continue to show 9 to 10 percent increases until early next year.

"The petrol price shock, leading to inflation, will also intensify upward pressure on wage settlements," he said.

But the rising unemployment, falling job vacancies and an expected drop in retail price inflation later this year should bring pay settlements down by early next year, economists said.

The June wage data do not reflect changes in the labor market in the last month, said Simon Knapp, an economist at Barclays de Zoete Wedd. "The real world suggests the labor market is becoming much slacker." The government said job vacancies fell by 15,400 in July.

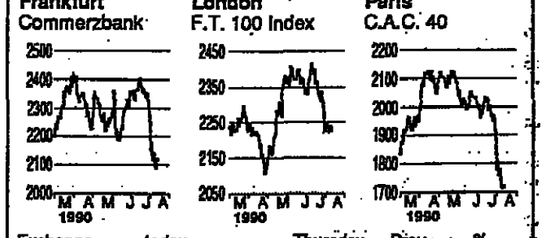
The trend in Britain's jobless rate is clearly upward, said Kevin Darlington, an economist at UBS/Phillips & Drew, adding that the rise was now accelerating.

The wage-inflation cycle may be broken if rising joblessness is accompanied by a fall in retail prices. Retail price inflation was expected to start declining later this year, provided any escalation of the Gulf crisis does not push oil prices up further, said Ruth Lea, an economist at Mitsubishi Bank.

Retail price inflation was expected to climb above 10 percent in August due to higher oil prices, but to fall back by October or November, Ms. Lea said. Retail price inflation was expected to drop by up to one percentage point in autumn as mortgage rate increases, announced last year, are dropped from consideration.

Britain announced on Monday that consumer spending had risen by 1 percent in July, twice as much as market forecasts, despite interest rates of 15 percent aimed at cutting spending power and inflation.

Investor's Europe



Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	CBS Trend	106.30	107.30	-0.93
Brussels	Stock Index	5737.91	5710.98	+0.47
Frankfurt	Commerzbank	2123.80	2116.20	+0.36
Frankfurt	DAX	1727.42	1742.20	-0.85
Helsinki	UNITAS	537.40	537.40	0.00
London	Financial Times 30	1724.90	1748.20	-1.33
London	FT-SE 100	2222.10	2239.30	-0.77
Madrid	General Index	264.03	260.65	+1.30
Milan	MIB	941.50	934.30	+0.77
Paris	CAC 40	1723.41	1712.03	+0.66
Stockholm	Affarsvarlden	1189.50	1204.40	-1.24
Vienna	Stock Index	621.91	623.62	-0.27
Zurich	SBS	614.40	617.80	-0.55

Sources: Reuters, AFP International Herald Tribune

Puma Foresees No Profit This Year

Reuters

HERZOGENAURACH, West Germany — The sports goods maker Puma AG Rudolf Dassler Sport said Thursday that it probably will not record a profit in 1990, reversing its June forecast of a turnaround this year after last year's break-even results.

Delivery capacities were impaired due to a large fire at the production plant of one of its biggest shoe makers, Puma said in its first-half report. As a result, more than one million pairs of shoes will be delivered later than expected, or not at all.

"In light of these factors, it most probably will not be possible to make a profit in 1990," the company said.

For the first half, Puma reported a net loss of 3.6 million Deutsche marks ($2.3 million), compared with a net profit of 2.6 million DM in the same 1989 period. Revenue slipped to 261.6 million DM from 286.7 million DM, but orders on hand were sharply above the previous year's levels.

At the end of June, orders on hand totaled 170.1 million DM, up from 106.5 million DM at the end of June 1989.

Incoming orders also saw sharp growth in the first half, Puma said, rising to 223.6 million DM from 178.5 million DM.

Growth in orders has been boosted through a restructured and improved marketing and distribution network, as well as improved product quality, the company said.

Due to significant purchasing problems in the Far East, Puma said it had not been able to meet all the orders received in the first half.

Sales developments in general were negatively affected by purchasing problems in the Far East and start-up problems at a new purchasing group, World Cat Ltd., Puma said. This accounted for the sales downturns in the first half.

Puma said positive developments in market demand, reflected in higher order inflow, showed that restructuring measures had been successful.

Developments in Eastern Europe would also provide good opportunities in coming years. "We are doing everything we can to solve the purchasing problems, which would allow us to tap that market and report positive results," the company said.

Puma reported losses in 1986 and 1987 and only broke even in 1988 after concessions by major shareholders. In February, Sweden's AB Aritmos took a 49 percent stake in Puma. It holds an option to buy the rest of Puma's stock.

The takeover of Puma's rival Adidas by the French businessman Bernard Tapie was approved Thursday by the West German monopolies office, Agence France-Presse reported.

Manny Hanny Will Close Its Swiss Branches

Reuters

ZURICH — Manufacturers Hanover Trust Co. will close its branches in Zurich and Geneva as part of the American parent's restructuring of its wholesale banking business, a bank official said Thursday.

Rudi Perkowsky, director of the Zurich branch, said around 50 employees would lose their jobs.

He said the banking group's decision to close its Swiss branches was part of New York-based Manufacturers Hanover Corp.'s plan to reshape its global business and cut 1,400 jobs.

Switzerland's waning attractiveness as a financial center also played a role in the bank's thinking, he said.

Manufacturers Hanover will keep a representative office in Zurich.

The Geneva branch specialized in private banking. The Zurich branch focused on commercial and investment banking and corporate finance.

Royal Posts £65 Million Loss in Half

Reuters

LONDON — Royal Insurance PLC said Thursday that it posted a pretax loss of £65 million ($123.8 million) in the first half, a poor showing that came on the heels of bad results announced by other U.K. insurers.

The loss compared with a pretax profit of £119 million in the year-earlier half.

Royal's stock price fell 12 pence to 438 pence after it announced the larger-than-expected loss. The company also disappointed the market with a smaller dividend increase than some analysts had hoped for, dealers said.

Analysts had forecast a pretax loss of about £40 million to £50 million. Royal raised its dividend to 11.25 pence from 10.75 pence, but several analysts had looked for a rise to 11.5 pence.

One analyst noted that dividends in the current reporting season have heavily influenced insurance firms' share prices.

The chief executive of Royal, Ian Rushton, said in a statement the results were dominated by the abnormally high level of weather-related losses worldwide, which, at £169 million, were £122 million more than the previous year.

Mr. Rushton warned that there was a sharp rise in U.K. subsidence and theft claims, and a continuing increase in the frequency of motor claims.

He said that in the United States, where the company made a general loss of £68 million, results continued to be affected by market conditions.

"We are committed to the key target of profitability and are pricing our products accordingly," Mr. Rushton said. He said strict underwriting standards and tight cost control have a high priority.

The executive said Royal is continuing a strategy of pulling back from unprofitable U.S. markets. It is withdrawing from the Massachusetts personal auto insurance market and has agreed to sell Silvey Corp., a small subsidiary in the Midwest.

Analysts said the speed of Royal's recovery will hinge on better weather and an improved U.S. performance.

"There is tremendous recovery potential in North America, but it won't happen in a big way until 1992," said one analyst.

In the general insurance market, the company had a loss of £68 million in the United States, compared with a loss of £41 million in the year-earlier quarter.

In Britain, it had a loss of £58 million, compared with a £76 million profit.

Earlier this month Commercial Union reported that its first-half pretax profit fell to £16 million from £90.2 million.

General Accident said it made a pretax loss of £66.2 million in the first half, down from a £122 million profit in the year-earlier period.

Nixdorf Expects Results To Be Stronger in Half

Reuters

DUSSELDORF — Nixdorf Computer AG expects its results in the first half to be considerably better than in the year-earlier period, when it posted a group net loss of 297 million Deutsche marks ($190.5 million), a West German business magazine said Thursday.

Wirtschafts Woche quoted Nixdorf's management board chairman, Horst Nasko, as saying, "the results will be considerably better than planned and than those in the first half of last year." He declined to give specific figures.

Stock Price Of Hoogovens Up on Results

Reuters

AMSTERDAM — Shares in the Dutch steel group Hoogovens NV rose Thursday, as the market welcomed the group's first-half results and its confident forecast for the second half of 1990.

Hoogovens shares closed at 60.80 guilders, up from 56.80 on Wednesday, but below their opening price of 63.00.

After the bourse closed on Wednesday, Hoogovens reported a net profit from ordinary activities of 154 million guilders ($87.7 million) in the first half, well below last year's 226 million, but at the top end of analysts' forecasts of 130 million to 160 million.

"A lot of people had expected very poor results, but were proved wrong," said Jan Schopman of the trading firm Wolbers. "The shares have risen because of the positive tone of the company's statement and buying by market players who had sold short."

Young & Rubicam Buys Ad Agency in Prague

By Kim Foltz
New York Times Service

NEW YORK — Young & Rubicam has bought an advertising agency in Prague, it said, making it the latest American agency to expand its presence in Eastern Europe.

The new agency, Young & Rubicam Czechoslovakia, is a venture between Y & R and AB Line Studios, a small private agency in Prague. Y & R said Wednesday that it will own most of the new agency, and its managing director will be Jiri Kratena, the founder of AB Line Studios. No terms were disclosed.

"We've been studying the business opportunities in Eastern Europe for the last two years, and we decided that along with Hungary, Czechoslovakia offers the best possibilities for growth," said Joseph DeDeo, the president and chief executive of Young & Rubicam Advertising. Y & R, which has worldwide billings of more than $6 billion, set up an office last year in Budapest.

Because of the political and economic changes in Eastern Europe, large agencies have been scrambling to establish beachheads in the region. Although it is not creating any advertising as yet, Saatchi & Saatchi Advertising Worldwide opened an office last month in Prague to analyze business opportunities in that country. Saatchi also has agencies in Hungary and Poland and plans to open one in Yugoslavia in the fall.

In addition, Ogilvy & Mather recently announced the appointment of a new executive to lead the agency's move into the area. Wolfgang Stupetsky, the head of Ogilvy's Austrian office, will oversee the agency's fledgling offices in East Germany, Budapest and Moscow, as well as its expansion into Poland, Yugoslavia and Czechoslovakia.

For agencies, the move eastward is motivated by their clients' desire to sell their products in Eastern Europe's growing free-market economies. "Some of our biggest clients like Colgate, Kodak and Xerox are making serious plans to move into these markets," Mr. DeDeo said. "We want to be there to help."

Some analysts said agencies had often been forced by clients to open offices in other countries, even though the operations might not prove profitable for a number of years.

Because of the political and economic changes in Eastern Europe, large agencies have been scrambling to establish beachheads in the region.

"International agencies open branches in places like East Europe because they simply cannot afford to say no to their big clients," said Alan Gottesman of Paine Webber Inc.

Mr. Gottesman said American agencies doing business in Eastern Europe were also hampered because they could not rely on picking up many local accounts to help make their offices going concerns.

Agencies and their clients are primarily banking on the future success of economic revolution in Eastern Europe. "These won't be big markets for us for a long time," said Robert James, the chairman and president of McCann-Erickson, which has offices in Hungary and Yugoslavia. "But that is the way it's always been in building an international business."

Nonetheless, some operations are already showing modest signs of success.

But setting up shop is not easy. Since the primary agencies in Eastern European countries are owned by the state, agencies like McCann have had to forge relationships with other media companies. In Yugoslavia, for example, McCann created its agency there by forming a venture with a Zagreb television production company.

"There are few private agencies to pick from, so we find a media-related company that we think will work the best in setting up an agency," Mr. James said.

Y & R was lucky to find an experienced private ad agency to be its partner in Czechoslovakia. Mr. Kratena, who founded AB Line Studios two years ago, was one of the first to create consumer-oriented advertising in Czechoslovakia, Mr. DeDeo said. Mr. Kratena's agency has created consumer ads for Kotva, a department store in Prague.

In a telephone interview from Prague, Mr. Kratena said he had to teach himself how to create "Western style" advertising.

"There was nowhere in my country to learn how to make advertising aimed at consumers," he said. "I taught myself by watching commercials when I visited Western countries."

FUEL: *U.S. Burns Gains*

(Continued from first finance page)

cult to satisfy," with gasoline relatively cheap, he said. The average car uses 500 gallons a year, so a 10 percent savings at the current gasoline price would come to about $60 a year. Over the life of the car, saving that amount would justify hundreds of dollars in extra expense.

But "it doesn't necessarily make sense to the guy in the showroom, at a dollar a gallon and there's no threat of oil shortages on the horizon," Mr. Allen said.

"The reaction is going to be, 'My God, the price went up several hundred dollars.'"

Indeed, gasoline is still so inexpensive in the United States that fuel economy is not a major goal for most drivers or car companies.

"If you tell me that gasoline will be at $2 a gallon in three years, I would say we'd all be searching for ways for better fuel efficiency, and spending money to find tenths of a mile per gallon," Mr. Slechter said. "But that kind of mentality doesn't exist right now."

In the months before the Iraqi invasion of Kuwait two weeks ago, "gasoline was at the lowest price in recorded history," said James D. Johnston, the chief lobbyist in Washington for General Motors Corp., referring to the inflation-adjusted cost of gasoline needed to travel a mile. "That's not a lot of incentive to conserve."

The recent increase in gasoline prices is not expected to make much difference, unless it rekindles fear in consumers about future increases.

With gasoline so inexpensive, buyers have turned their attention to other characteristics, like better acceleration, and the car companies have responded.

The Environmental Protection Agency found that 1983 mid-sized models took about 14.5 seconds to go from zero to 60 miles an hour; the 1990 models take under 12 seconds.

Another factor is the changing mix of vehicles. Small pickups and small vans, which represented only a tiny fragment of sales in 1978, now have nearly 20 percent of the market, the agency said. As a group, they are far less efficient than the passenger cars that many of them replace.

Not surprising, then, government figures show the 1990 model-year cars with an average efficiency of 27.8 miles per gallon, compared with 28.6 in 1988. (The calculations take into account how many of each model are sold.)

The actual decline in mileage is probably even larger than the figures suggest, experts say, because of traffic congestion.

The agency's "combined" figure assumes 55 percent of the miles are on the highway and 45 percent are in the city, but as roads get more crowded, experts say, the formula probably overstates the amount of driving done in highway conditions.

Ailing Philips in No Mood for Celebrating

The Associated Press

EINDHOVEN, Netherlands — Philips NV, the Dutch electronics giant, has canceled plans for a lavish party to mark its 100th anniversary next year because of a projected loss of 2 billion guilders ($1.14 billion), the company said Thursday.

Instead, the 295,000-employee multinational will "commemorate the centenary in an unostentatious and modest manner," said a company spokesman, Jan van Schagen.

Although plans for next year's celebrations had not been finalized, they included a street carnival in this southern Dutch company town, as well as two major exhibits on company history, Mr. Van Schagen said.

"Those are definitely off," said Mr. Van Schagen, adding, "We feel the situation in which we now are and the way we celebrate these festivities ought to be in some proportion."

Last week, Philips said its net profit from continuing operations was 43 million guilders in the first half of 1990, down sharply from 420 million guilders in the same period last year.

The company, which faces fierce Japanese competition, has also said it expected to slash 10,000 jobs by early 1991, in addition to incurring a large loss.

Philips, whose recently appointed chairman, Jan Timmer, has a reputation for no-holds-barred cost cutting, had been planning to spend "tens of millions" of guilders on the anniversary, Mr. Van Schagen said. He said he did not know the cost of the more modest celebration.

Founded by Gerard Philips in 1891, the company grew from a small light bulb factory to one of the world's largest producers of consumer electronics, domestic appliances, telecommunications systems and computers.

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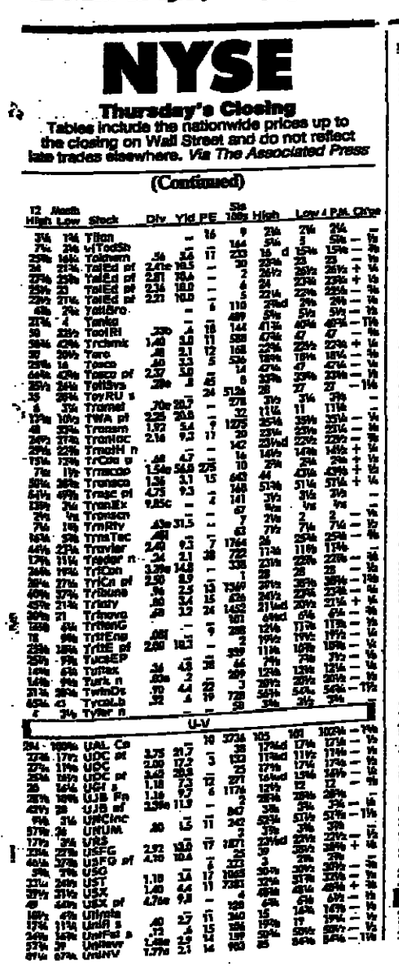
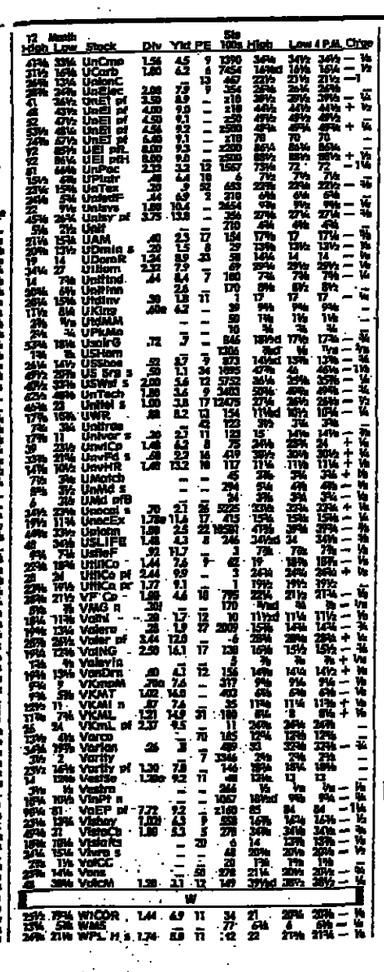
NYSE

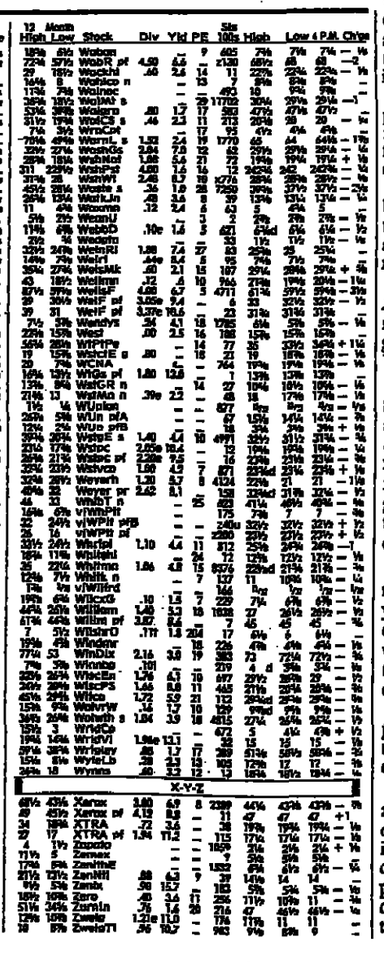
Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)







AEROSPATIALE RELEASE

RESTRUCTURING FOR HELIBRAS

The extraordinary General Meeting recently convened by HELIBRAS has voted to implement a major reorganization of the company's capital.

This move comes after a subscribed capital increase totaling 800 million cruzeiros from AEROSPATIALE and HELIBRAS'S new shareholder - BUENINVEST.

Breakdown of the company's capital is now as follows:

- Aerospatiale 45 %
- M.G.I.-Minas Gerais Participações S.A. (Governo do Estado de Minas Gerais) 25 %
- Bueninvest 30 %

HELIBRAS is a Brazilian company operating in Itajuba in the State of Minas Gerais. The company will handle assembly, distribution and product support services for AEROSPATIALE helicopters.

BUENINVEST is a Brazilian company, 98 % owned by Mr. EDMUNDO SAFDIÉ, a majority shareholder of Banco Cidade, and who is associated with the Banque Nationale de Paris (BNP) since 1981.

This reorganization guarantees a Brazilian controlling interest (55 %) in HELIBRAS and a partial privatization of the company, a move favored by the Brazilian authorities.

With this capital increase - proof of the Brazilian company's improved financial health - HELIBRAS will be a strong position to adapt to the growing domestic market, consolidate its business structure and technical capacities and, at the same time, improve its services on the product support front.

NASDAQ

Thursday's Prices

NASDAQ prices as of 4 p.m. New York time. This list includes the more widely held and most traded securities in terms of dollar value. It is updated twice a year.

AMEX

Thursday's Closing

Tables include the nationwide prices up to 6 p.m. closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

Australia Moves Toward Airline Deregulation

By Michael Richardson
International Herald Tribune

CANBERRA — Airline passengers in Australia can expect sharply lower fares on major routes when the domestic network is deregulated later this year, but analysts say they doubt the viability of some new carriers that have promised to cut travel costs by up to 50 percent.

On Nov. 1, a government-sanctioned agreement protecting domination of the most profitable aviation trunk routes by two long-established airlines will end, allowing other Australian airlines to compete for the first time in 38 years.

The two carriers — state-owned Australian Airlines Ltd. and Ansett Airlines of Australia, a joint venture between News Corp. and the transportation giant TNT Ltd. — have said they will match or better cheap fares offered by new entrants.

"Once deregulation comes, we will be fighting for every passenger out there, one way or another," said Graham McMahon, general manager of Ansett.

Qantas Airways Ltd., the state-owned international airline, is not considered a serious player in the domestic market and should not be significantly affected by the plan.

Deregulation would not be extended to allow foreign carriers access to domestic air routes in Australia, Kim Beazley, the Australian transportation and communications minister, said in a recent interview.

The so-called two-airlines agreement that will end on Nov. 1 also determines the fares Australian and Ansett charge on major domestic routes, and the seating capacity and types of aircraft they will use.

The result of this duopoly has been identical fares, which critics assert are excessively high, and many flights by both airlines in and out of major cities at the same time.

The Australian Civil Aviation Authority reported last month that the practice of parallel scheduling had increased congestion and delays, especially in Sydney and Melbourne, the country's two main airports.

Ansett and Australian "fixed everything down to the dimensions of the buns served with breakfast," said Ben Sandilands, travel and aerospace correspondent of The Bulletin magazine.

As part of a policy to inject more competition into the Australian economy, the Labor government of Prime Minister Bob Hawke announced three years ago that domestic airline deregulation would take effect in 1990.

Mr. Beazley said that with competition from other carriers "the aviation environment is going to be totally different from the very gentlemanly, clubby arrangements of the two-airlines agreement."

He said fares would fall and this would encourage domestic and international tourism in Australia.

At least two new entrants will challenge Ansett and Australian on major domestic routes from November, although one of them, East-West Airlines, is an Ansett subsidiary.

The second challenger, Compass Airlines, has said it will offer a no-frills service with daytime fares that are 20 percent cheaper than the current standard prices charged by Australian and Ansett. Compass plans to offer 50 percent discounts on night flights.

Three other companies have said they are also planning scheduled services on key Australian air routes. Two of them have said they will offer cheap fares.

But analysts doubt that the three smaller challengers will be able to raise the capital to compete successfully.

Roger Sharp, associate director of corporate finance at Ord Minnett Securities Ltd. in Sydney, said one problem for latecomers would be securing adequate access to the main Australian air terminals.

Ansett and Australian, which have long-term leases on the terminals, will only have to make available a total of two gates each at Sydney and Melbourne, and one each at Adelaide, Perth and Coolangatta on the Gold Coast of Queensland.

"This will severely restrict the number of flights that the *startups can operate," said Colin M. Gibson, publisher* and executive editor of Asian Aviation magazine.

East-West, however, will have access to Ansett terminals.

Despite a near recession in the Australian economy and investor caution about backing new ventures, Compass successfully raised 65 million Australian dollars ($52.5 million) on the Australian Stock Exchange in June.

This enabled the company to sign firm leases for seven Airbus A300-600's, each configured to seat 280 passengers.

But Mr. Gibson said that offering cut-rate fares to gain market share was "a dangerous game because both Ansett and Australian have the resources to fight a price war and are already cutting operating costs to match the competition head on."

John King, an aviation consultant at Avmark Inc. in Melbourne, said that at the start of deregulation, fares would fall sharply.

"Then they will rise, but they will remain below today's *levels," he added.*

Copycats Prosecuted By Cartier

Reuters

JAKARTA — The French fashion house Cartier, saying copycat producers are ruining its image by selling fakes even in Indonesia's most fashionable boutiques, took eight local firms to court on Thursday.

"Shops shamelessly sell Cartier-labeled watches, glasses and leather goods supplied by local producers, which are sometimes not even similar to the original designs," said Dermawan, a lawyer with Hadiputranto & Hadinoto. The firm is representing Cartier International.

"It's really damaging the image of my client," he said. "We wish to bring them all to court."

A trial began on Thursday involving eight local firms that label their products with the famous trademark.

But Indonesia's confusing copyright laws may turn the courtroom into a minefield for the luxury-goods producer.

A 1961 law decrees that the first company to register a trademark has the right to use it on its products. When Cartier registered at the patent office three years ago, it found a number of similar names, such as Cartier City and Cartiera, already listed.

Many produced watches, belts and sunglasses similar to Cartier's own.

"We could not simply revoke their permits because they were registered properly at that time," said an official at the Justice Ministry.

In 1987, the justice minister issued a decree that prevents any new registration of internationally known trademarks.

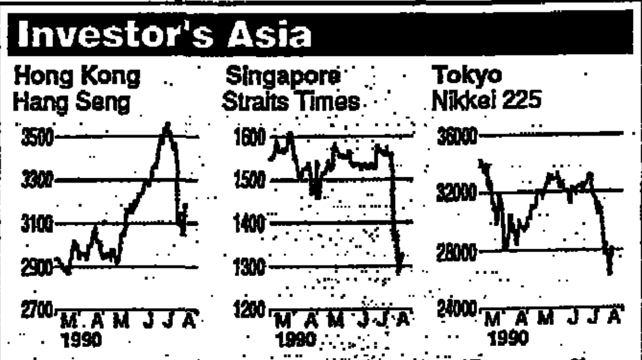
That will not help Cartier, whose problem predates the new law. Mr. Dermawan said Cartier was suing the eight legally registered firms for "unfair competition."

If Cartier wins, the firms face an undaunting fine of 13,000 rupiahs ($7), or a year and four months in jail.

Retailers in Indonesia are not subject to the law.

"So shops keep the counterfeit items in their display windows," said an analyst. "It encourages suppliers to keep producing, which in the end might endanger Indonesia's business with countries where the trademarks come from."

Investor's Asia



Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	3183.29	3178.27	+0.16
Singapore	Straits Times	1329.36	1317.80	+0.88
Sydney	All Ordinaries	1557.90	1563.00	-0.33
Tokyo	Nikkei 225	27549.44	28112.12	-2.00
Kuala Lumpur	Composite	566.71	568.72	-0.35
Bangkok	Book Club	816.93	795.89	+2.64
Seoul	Composite Stock	625.03	632.30	-1.15
Taipei	Weighted Price	4303.28	4248.49	+1.29
Manila	Composite	844.33	843.86	+0.06
Jakarta	Barclays	585.15	584.16	+0.17
New Zealand	National Index	1673.07	1674.30	-0.07
Bombay	Stock Index	Closed	554.95	-

Sources: Reuters, AFP — International Herald Tribune

TRW: *Choate, a Critic of the Japanese, Is Forced Out*

(Continued from first finance page)

consider that the opinion of TRW."

"TRW officials got very nervous because of all the attention the book was getting," said one friend. "Pat's being separated from TRW is a metaphor for the book," said another.

The friends did not want to be named and said they feared that publicity would hurt Mr. Choate's separation agreement, which includes an opportunity to work as a consultant for TRW.

TRW on Wednesday said that Mr. Choate had resigned as vice president for policy analysis to pursue a full-time career as a writer and lecturer.

TRW issued a statement quoting Mr. Gorman: "We have long recognized Dr. Choate's unique capabilities and his unique contributions to TRW. We wish him the very best in his new endeavor."

The statement quoted Mr. Choate as saying, "I thoroughly enjoyed my association with TRW and I look forward to embarking on the next phase of my career." He declined to comment further.

The bearded Mr. Choate, who as a boy picked cotton on his father's farm in Maypearl, Texas, used his Ph.D. in economics, his sharp mind, glib tongue and a skillful writing style to contribute heavily to political debate in the capital. His major theme concerned strategies for strengthening American industry to make it more competitive in a world in which economic power had become more important than nuclear weapons.

He was nonpartisan, dealing with both Republicans and Democrats on Capitol Hill. He appeared on television talk shows and think tank panels, testified at congressional hearings and was quoted in numerous newspaper and magazine articles on the state of the American economy.

He still worked full time for TRW, whose former chairman, Ruben F. Mettler, hired him to deal with national policy issues. His assignment was to focus on long-term public policy issues of particular importance to TRW, the company said, and its statement praised Mr. Choate for drawing "national attention to America's manufacturing competitiveness and the declining condition of our national infrastructure."

In recent years Mr. Choate had become a visible member of a group of American analysts advocating a new, tougher approach to Japan. A prominent lobbyist himself, he became known particularly for his criticism of Japan's lobbying strategies, particularly its hiring of former high U.S. government officials to plead its cause with federal, state and local officials.

His book, which will be previewed in a Harvard Business Review article this fall, reportedly describes extravagant efforts by Japan to influence governmental and academic thinking, in the latter case through contributions to universities and think tanks.

Taiwan Cuts 1,900 Tariffs To Boost Its Bid for GATT

Reuters

TAIPEI — Taiwan will reduce tariffs on about 1,900 goods in a move designed to support its bid to join the General Agreement on Tariffs and Trade, the Finance Ministry said Thursday.

A ministry section chief, who did not wish to be named, said the government was drafting a list of about 1,900 imported products, including cars, auto parts, agricultural goods and precision instruments, that could have their import tariffs cut early next year.

"The purpose of our tariff cut is to encourage imports and liberalize our market," she said in a telephone interview. "It is also in line with our plans to join the GATT."

Taiwan applied in January to join GATT. China has also applied to join the organization and has insisted it join the trade body before Taiwan, whose government fled China in 1949.

Taiwan cut tariffs on 4,738 foreign products last year and reduced import taxes on 75 imported goods earlier this year, the official said.

The cuts helped Taiwan reduce its effective tariff rate — calculated by dividing all import taxes received by the value of imports — to 5.79 percent this year from 6.28 percent in 1989.

The rate will be further lowered to 4.3 percent in 1991, 3.9 percent in 1992 and 3.5 percent in 1993.

"By 1993, our tariffs will be comparable to those from Japan, the United States and European Community," said another official, Wang Der-hwai.

■ Taiwan-China Trade

According to official figures, indirect trade between Taiwan and China routed through Hong Kong hit $1.83 billion in the first six months of 1990, up 4.67 percent over the same period last year.

Seoul Tells Samsung It Cannot Build Trucks

Reuters

SEOUL — South Korea has turned down an application by Samsung Heavy Industries Co. to assemble large trucks, cement mixers and tractors beginning next year, trade ministry officials said Thursday.

"The government has decided to delay until October 1991 a decision on whether our country needs one more truck maker," a ministry official said.

Samsung asked the government in July for approval to assemble the vehicles, with parts and technology supplied by a company that is partly owned by Nissan Motor Co.

"We know that orders for large-scale commercial vehicles are not currently met by producers," the official said. "But this is a temporary problem caused by an overheated construction sector and a shortage of parts due to labor disputes in part makers. We expect the problem to ease in the second half of 1991," he added.

Samsung, saying that truck buyers have to wait more than a year after placing orders in South Korea, proposed in July to assemble 1,200 trucks, cement mixers and tractors next year. It said output would be doubled in 1992 and increased to 4,200 units in 1995.

The government's decision followed strong opposition from South Korea's five carmakers, which said another one would cause an oversupply of cars and hurt the domestic auto industry.

"We have no plans to produce passenger cars and the existing carmakers' concerns are unwarranted," a Samsung spokesman said.

■ Market Plan Reconsidered

South Korea's top economic planner said Thursday that the government was reconsidering its plan to open up its stock market to direct foreign investment in 1992, Reuters reported from Seoul.

Deputy Prime Minister Lee Seung-yun said worsening market conditions had prompted planners to think again about the idea.

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A$ - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LIT - Italian Lira; LF - Luxembourg Francs; p - pence; Ptas - Pesetas; SGS - Singapore Dollars; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ Offer Price incl. 3% prelim. charge; ++ - Paris exchange; +++ - Amsterdam exchange; e - rebounded earlier; x - not registered with regulatory authority

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SPORTS

Asian Games: Politics Intermingled With Athletics

By James Sterngold
New York Times Service

BEIJING — At a busy intersection here the other day, a young policeman wheeled around and scolded a knot of bicyclists for stopping in the middle of a crosswalk.

When one of the bewildered cyclists pointed out that there was no crosswalk painted on the newly repaved boulevard, the officer said: "You know the rules! What would a foreigner think of such a stupid excuse?"

With an edge of nervousness, a few sharp warnings and a flurry of activity counter to the usual languid summer pace of the Chinese capital, Beijing is preparing for its biggest diplomatic event in years: the 11th Asian Games.

Though technically a sporting event, the 16-day Asian Games, which start here on Sept. 22, have become a major public-relations and political exercise.

The last host, South Korea, used them and then the Olympics to make diplomatic breakthroughs with former enemies in the communist world.

The games are now proving useful for China, which is trying to wipe away the stain of its suppression of the democracy movement in June 1989 and smooth its effort to be host of the Olympics in the year 2000.

"To be quite frank with you, the events on June 4 created some inaccurate impressions in the minds of people overseas," Wu Zhongyuan, an executive member of the organizing committee, said in an interview in the main hall of the newly constructed Asian Games Athletes' Village.

"The principle of the 11th Asian Games is, as we put it, to demonstrate our unity, friendship and progress," Wu said.

There is anxious anticipation, for instance, that President Roh Tae Woo of South Korea, which does not have relations with China, may visit.

Recently, China normalized relations with Indonesia, began them with Saudi Arabia and is expected to announce the formal establishment of relations with Singapore just before the symbolic flame opening the games arrives here from Tibet.

Another attempt to demonstrate amity was the decision to begin the flame's journey in the remote mountains of Tibet, which was forced to submit to Chinese rule during the 1950s and was put under martial law last year because of anti-Chinese riots.

[But threatening to disrupt the games here is Iraq's invasion of Kuwait and Wu admitted Thursday that the Gulf crisis would certainly affect the games, Agence France-Presse reported.

[The Olympic Council of Asia, which controls the games, was based based in Kuwait and has ceased operations since the Iraqi invasion. The council's president, Sheikh Fahad al Ahmed al Sabah, a member of the Kuwaiti royal family, was killed defending the royal palace, and Wu said, "We are now at a loss as to which chairman to contact."]

The government has attacked the preparations for the event with such energy that it has left many Beijing residents surprised by the show of industriousness, if not cynical at the thought that millions of images of smiling pandas hung all over town can help restore the government's image. The symbol of the games is Pan-pan, a chubby panda bear.

Parts of the city usually hidden by gray walls or walls of stacked bricks have received fresh coats of plaster and paint, the first in decades.

The government announced that it had increased by 10 times the fine for spitting in public, to the equivalent of $1.06.

Bicyclists have been warned that they will be fined if they continue to ride outside bike lanes or cross intersections against the light, a problematic threat given that there are an estimated 7.5 million bicycles in the capital.

The wide avenues approaching Tiananmen Square, which were scarred by the tanks that rolled through last summer, have been repaved.

The only visible reminder of the killings are the broken steps of the revolutionary martyrs' monument in the middle of Tiananmen Square, crushed by tank treads during the crackdown on pro-democracy demonstrators.

There have been more than 1,000 executions of criminals since May, which China has said are part of a crackdown on crime.

Several Western diplomats said the well-publicized executions were also meant as a warning to would-be troublemakers.

"Generally speaking, the situation is stable in Beijing now," Wu said. "I can assure you there will not be the kind of unrest we experienced last year."

Basketball, Argentina: An Unfamiliar Match

By Eugene Robinson
Washington Post Service

BUENOS AIRES — The quarterfinal games have been played at the World Basketball Championships, with Puerto Rico, the United States, Yugoslavia and the Soviet Union advancing to Friday's semifinals. With the way things have been going here, just getting the games played has been an accomplishment.

For the record, Puerto Rico was led by 22 points and 10 rebounds from Jerome Ortiz in beating the United States, 81-79, on Wednesday in the quarterfinal round-robin game that only decided semifinal opponents. And in Wednesday's other games, Yugoslavia beat Greece, 77-67; Australia defeated Argentina, 95-91, and the Soviet Union downed Brazil, 110-100, behind Valeri Tikhonenko's 38 points.

The United States will play Yugoslavia in one semifinal on Friday and the Soviets and Puerto Rico will meet in the other.

Figuring out the scores and the pairings has been the easy part. Where are the buses? Where are the locker rooms? For that matter, where are the teams, several having been stashed away at hotels that the guide books would charitably call "modest."

Argentina, fundamentally a soccer kind of place, is straining mightily to host this 16-team hoops extravaganza. For one thing, the game is slightly alien: All around Buenos Aires it is common to see kids playing soccer on outdoor basketball courts that haven't seen a basketball in years. For another, tournament organizers must contend with a stubborn economic crisis that makes everything just a little harder to pull off.

"Terrible," said Efthimis Kioumourtzoglou, coach of the Greek team, when asked about the tournament logistics. "We don't even like to think about that."

Kioumourtzoglou's squad arrived early, at the beginning of the month. Things went downhill from there.

"Nothing is ever on time," he said. "We never know when the bus will come, where it will take us, when we can practice, where we can practice. We're very disappointed."

Tournament organizers had booked the Greeks into a small, out-of-the-way hotel that Kioumourtzoglou found "just impossible." At its own expense, the team moved to the pricey Sheraton, which at least functions.

The U.S. team was luckier, having been at the Sheraton from the start. But, like the Greeks, they had to play all their first-round games on the other side of town, which meant hour-long bus rides in the chaos of Buenos Aires rush-hour traffic.

There does not exist in Argentina a single major arena suitable for basketball. The closest thing is 9,000-seat Luna Park in downtown Buenos Aires, an aging auditorium more often given over to noisy political rallies and rock concerts. Outfitted with a new floor, Luna Park hosted the quarterfinals and will be the site of the semifinal and final games.

But politics dictated that there had to be at least one tournament site outside the city limits, in Buenos Aires Province. So the United States, Greece, South Korea and Spain were not allowed to play their first-round games at Luna Park, within walking distance of all the downtown hotels. Instead, they had to make the trek to a distant suburb called Villa Ballester to play in the German Society's spotless but tiny auditorium.

The United States and Canada both wanted to host the 1990 championships, but Argentina won out four years ago when the International Basketball Federation made the site decision. That victory was largely the result of wheeling and dealing by Amadeo Cejas, who was then the strong-willed head of the Argentine Basketball Federation.

Cejas was eventually eased out and the federation found itself obliged to stage a $6 million show, at a time when $6 million is major money in Argentina.

The several hundred reporters who have come to witness the championships have encountered, simply, a nightmare. Many were required to put up a $250 deposit to reserve a spot and, now, in seeking to get that money back, are encountering Argentine bureaucracy at its finest.

Press rooms have been set up at all the sites, but they exist more in name than anything else. "Things work better in Albania!" one Spanish correspondent screamed as a technician tried unsuccessfully to jury-rig a connection that would let him plug in his laptop computer.

For better or worse, however, Buenos Aires is for these few days the center of the basketball world. And so it has attracted that world's denizens, like the former Milwaukee Bucks coach Don Nelson. Nelson would like to coach the U.S. Olympic Games squad in 1992 and is in town scouting the opposition.

"I don't think I'd better comment on the arrangements," he said. "I don't want to get myself in trouble."

One player has caught his eye, Toni Kukoc of the Yugoslavian squad, an agile, 6-foot 9-inch (2-meter) forward.

"He could be a major player," Nelson said.

"Everybody likes him," said Ray Dalman, coach of the Puerto Rican squad. "The one thing is that he's a leftie and does everything with the left. He switches to the right hand to dribble and then boom, right back to the left. But if he ever works on his right, everybody's in trouble."

Strange conversations like that fill the air in Buenos Aires these days. Next week everyone will get back to talking about players who dribble with their feet, as God intended.

Nick Ut/The Associated Press

After 11 years with the Lakers, Michael Cooper was teary-eyed at announcing his departure.

Cooper Leaves Lakers To Seek Deal in Italy

The Associated Press

INGLEWOOD, California — The lure of a multi-million-dollar offer to play professional basketball in Italy has brought an end to Michael Cooper's 11 years with the Los Angeles Lakers, years in which the team won five National Basketball Association titles.

Cooper, the premier sixth man and defensive specialist for the team, announced Wednesday the Lakers had agreed to put him on waivers, which would allow him to sign a contract with Il Messaggero of Rome.

The 6-foot-7, 176-pound (2-meter, 80-kilogram) Cooper helped develop the famed Laker fast break with steals and timely rebounds against heavier, taller opponents. He averaged 9.4 points per game, but a statistic more telling was his 1,236 steals.

He told a news conference at the Laker offices here in suburban Los Angeles that his agent has asked all other NBA teams not to claim him in the waiver period, which ends Friday, because his contract demands to stay in the NBA would be prohibitive.

Cooper, 34, who earned about $600,000 last season with Los Angeles, was expected to match or exceed that with a multi-year contract in Italy.

Cooper, voted to the NBA's all-defensive team eight times, five as a first teamer, also is the NBA leader in 3-point shots made in playoff games, 124 of 316.

● In Milan, The Associated Press reported that Jay Vincent, a member of the Lakers last season and a nine-year NBA veteran, had signed a one-year contract worth $700,000 with Philips Milan of the Italian League. Vincent, 31, had a career scoring average in the NBA of 15.2 points a game.

SIDELINES

'Ultimatum' by NHL, Hockey Canada Fails to Change Position of Soviets

MOSCOW (AP) — The president of the Soviet Ice Hockey Federation said Thursday his organization will not back down on its conditions for staging exhibition games with the National Hockey League this year, even if it means canceling them.

Leonid Kravchenko said the federation would be "sincerely upset" if the NHL follows through with its ultimatum to cancel the series because of Soviet demands for immediate negotiations on the issue of Soviet players signing with NHL teams without federation consent.

The controversy erupted when Sergei Fedorov, a star Soviet forward, left the national team prior to the Goodwill Games and signed a contract with the Detroit Red Wings.

The Soviets have put a 21-game North American tour by the Red Army, Moscow Dynamo and Khimik teams in doubt while agreeing to allow next month's planned eight-game tour of the Soviet Union by the Montreal Canadiens and the Minnesota North Stars.

But the NHL and Hockey Canada have issued "an ultimatum; either we have a formal, written, official confirmation that all 29 games are on by 1 o'clock New York time Friday or we are canceling."

IOC Will Let Germans Decide Teams

BERLIN (AP) — The possible merger of the East and West German Olympic teams is a matter for Germans to decide and any agreement will be accepted by the International Olympic Committee, the IOC president said Thursday.

Juan Antonio Samaranch, who arrived in Berlin for two days of talks with Olympic and civic leaders from both Germanys, said he simply will listen to what steps are being taken toward reunification of the teams. The East German Olympic chief, Joachim Weiskopf, said last weekend the two teams probably will merge by the end of the year.

"Whether to have a unified team in 1992 is up to Germany, it is a German problem," Samaranch said. "Any agreement between the national Olympic committees will be approved by the IOC."

While here, Samaranch also planned to discuss Berlin's bid for the Summer Olympics of 2000 or 2004 when he meets Friday with Weiskopf and his West German counterpart, Willi Daume.

"Now that the Cold War is over the symbol of Berlin is very important," Samaranch said. "Berlin is known around the world for the unity of East and West."

For the Record

Jimmy Carruthers, 61, the former world bantamweight boxing champion, died Thursday in Sydney. He had been suffering from lung cancer and Parkinson's disease. *(AP)*

Dave McAuley of Northern Ireland, 17-2, will defend his International Boxing Federation flyweight title against Rudolfo Blanco of Colombia, 28-2, on September 15 in Belfast. *(AP)*

Helmut Mayer of Austria will miss at least two months of the ski season because of torn ankle ligaments, doctors confirmed Thursday in Villach, Austria. Mayer won the silver in the men's giant slalom at the world ski championships last year. *(UPI)*

Quotable

● Walt Terrell, recently signed as a free agent pitcher by the Detroit Tigers, after giving up 10 runs in his first 11 innings: "So much for a clean slate."

BOOKS

A NATURAL HISTORY OF THE SENSES

By Diane Ackerman. 331 pages. $19.95. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by
Christopher Lehmann-Haupt

"NOT long ago, I spent some time in Texas, studying bats," Diane Ackerman writes in her delightful celebration of human sensation, "A Natural History of the Senses." "I placed a large Indonesian flying fox in my hair, to see if it would get entangled, as the old wives' tales warned. Not only did it not tangle, it began to cough gently from the mingling smells of my soap, cologne, saltiness, oils, and other human odors. When I put it back in its cage, it cleaned itself like a cat for many minutes, clearly feeling soiled by the human contact."

Ackerman's point here is the pungency of human body odor, among the strongest in the animal kingdom. But the passage tells you as much about the author, whose curiosity about the world drives her to extremes.

The subject of the human senses is impossibly broad and formless. A cerebral, systematic writer might easily desiccate the reader with catalogues of taste buds, nerve endings and the parts of the inner ear. But Ackerman is a sensuist, or someone who rejoices in sensory experience. ("A sensualist," on the other hand, "is someone concerned with gratifying his sexual appetites.") She revels in the world, whether she is tagging monarch butterflies in a California eucalyptus grove or naming the robotic voices, Gort and Gertie, on her telephone answering machines, or discovering that the "delicate filaments of syrup" on top of Turkish pastries she and her mother had just savored were actually parts of "sugar-delirious bees" who had gotten their feet stuck in the syrup and had flown away without their legs.

"A Natural History of the Senses" is full of answers to the sorts of questions that the child in each of us often asks. The sky is blue because of the way the particles in the atmosphere refract the sun's white light. The sun is often magnified near the earth's horizon because as it "sets" its light has "even more dust, water vapor, and air molecules" to travel through. Fireflies light up by blending two chemicals, luciferin and luciferase. People wrinkle their noses "to move the molecules of smell closer to the olfactory receptors hidden awkwardly in the backmost recesses of the nose."

But what draws you most happily through this book is the language with which Ackerman shows you the world. "Few animal displays are as thrilling to watch as the 'water dance' of a male alligator. Stretching its enormous head out of the water, it puffs up its throat, tenses hard like a body builder, and then a rolling thunder-buster bellow splits the air, and the water sizzles all around its body, raining upwards like frying diamonds." Maple trees "launch tadpole-shaped seeds that fall whirlygig down, all blade, all propeller, like small autogyros."

It is no wonder that she has published three collections of poetry, "The Planets: A Cosmic Pastoral" (1976), "Wife of Light" (1978), and "Lady Faustus" (1983), and taught writing at a variety of universities.

In a section on synesthesia, or the way one sense stimulates another, Ackerman surveys how writers invite their muses. Schiller sniffed his rotting apples, of course, and Robert Louis Stevenson, Mark Twain and Truman Capote simply lay down. John Ashbery "first takes a walk, then brews himself a cup of French blend Indar tea, and listens to something post-Romantic ('the chamber music of Franz Schmidt has been beneficial,' he told me)," and W. H. Gass takes photographs of the "rusty, derelict, overlooked, downtrodden parts of the city," of "filth and decay, mainly."

But Ackerman plunges into her sensorium. She bites a potato chip, reports how food engineers designed it to assault the eater with its noise, and traces its history back to its accidental invention by George Crum in Saratoga Springs, New York, in 1853.

Ackerman gives the reader the richest possible feeling of the worlds that the human senses take in.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott

FOUR decades ago a combative bridge writer named Alphonse Moyse Jr., known as Sonny, used to advocate the advantages of playing in a 4-3 trump fit. He was thinking of major-suit games, and he would have been intrigued by the diagramed deal, on which North-South played the "Moysian fit" in a minor suit, rejecting two plausible seven-card fits in the majors. North and South were Roberta and Mark Epstein of South Orange, New Jersey, one of the country's best husband-and-wife partnerships. South's one no-trump response to his partner's double showed his strength and distribution accurately but wrongly suggested a club stopper. He later retreated from three no-trump, hoping that his cue-bid would induce his partner to bid a major. But she jumped to five diamonds, and he was in a 4-3 fit, facing a bad split that seemed likely when East passed rather slowly.

The opening club lead was won with the ace, and a spade finesse lost to the queen. A club was ruffed in dummy, and another spade lead removed the ace. West now shifted to the heart queen, and South won in dummy. He drew one round of trumps with the king and cashes two spade winners, throwing a heart and a club. Then he cashed the heart ace and crossruffed to make his contract. Three no-trump and four hearts would have failed, though four spades makes, but with this line of play five diamonds could not be defeated. The shade of "Sonny" Moyse is surely delighted.

NORTH
♠ J 9 8 4 2
♥ A K 7 5
♦ K Q 10
♣ A

WEST (D)
♠ A Q
♥ Q J 9 8
♦ 9 2
♣ K Q 10 8 5 3

EAST
♠ 7 6 5 3
♥ 8 2
♦ 7 6 5 4 2
♣ J 8

SOUTH
♠ K 10
♥ 10 4 3 2
♦ A J 9 8
♣ 7 4 4 2

North and South were vulnerable.

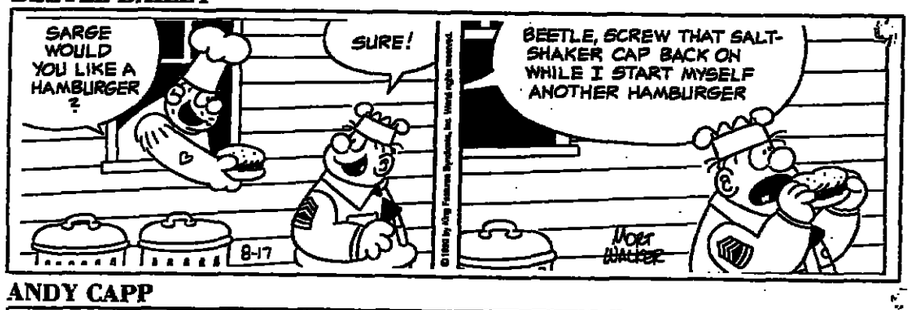
The bidding:

West	North	East	South
1♣	Dbl.	Pass	1 N.T.
2♣	Dbl.	Pass	2♥
3♣	Pass	Pass	3♦
Pass	3 N.T.	Pass	4♣
Pass	5♦	Pass	Pass
Pass			

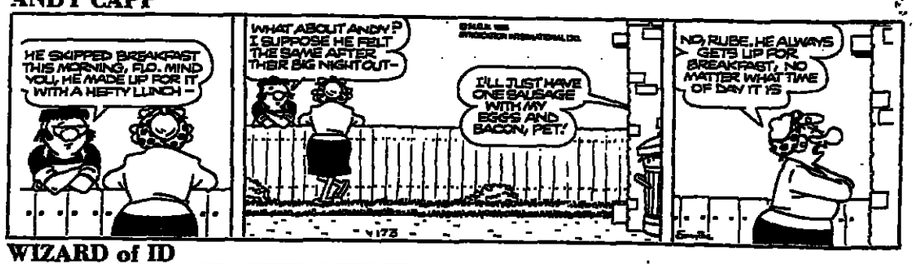
West led the club king.

PEANUTS

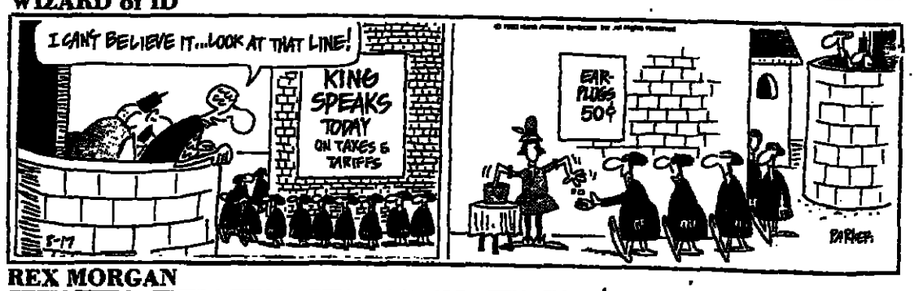
BEETLE BAILEY



ANDY CAPP

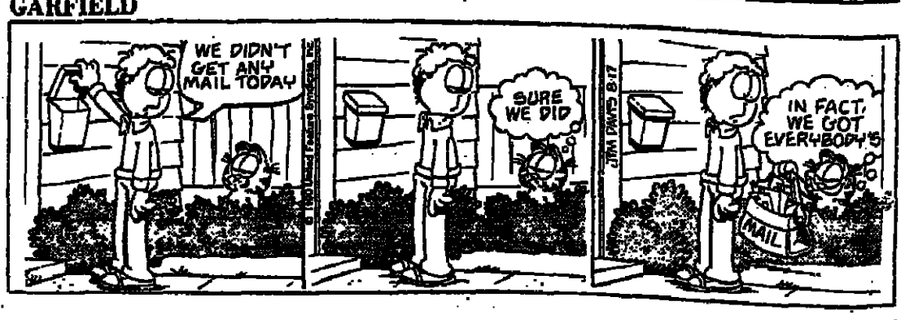


WIZARD of ID

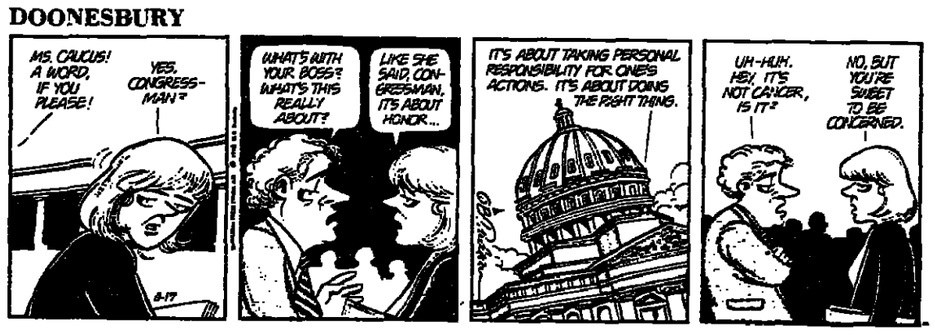


REX MORGAN

GARFIELD



DOONESBURY



BLONDIE

DENNIS THE MENACE

"COULD THAT BE THE ANGELS HAVING A PILLOW FIGHT?"

JUMBLE

THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CENIE

RITHM

LIVERD

HAWRTT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: _____

(Answers tomorrow)

Yesterday's Jumbles: EXCEL BERYL WIDEST HAMMER
Answer: A vegetarian will chew vegetables and - - - ESCHEW MEAT

SCOREBOARD

SPORTS

Yankees: New Boss, Old Woe

Nederlander Said 'Fairly Low Key'

New York Times Service

NEW YORK — He's described as an accomplished athlete and a thoroughgoing sports fan who grew up playing teams and rooting for the Detroit Tigers, but don't be fooled.

As soon as he and two of his brothers took a small bite of the Big Apple's dominant baseball team in 1973, Robert E. Nederlander switched his allegiance to the New York Yankees.

"He loves baseball and he's a hard Yankees fan," Nederlander's son, Eric, 25, said Wednesday as word circulated in New York theater and baseball circles that the lawyer-turned-Broadway-businessman, the president of his family's Nederlander theater empire, had been chosen at a meeting of the team's partners in Cleveland to replace George Steinbrenner.

The selection is subject to the approval of the other major league owners.

"He's strictly business," said Arthur Rubin, the vice president and general manager of Nederlander Productions, describing the company's president as a "fairly low key," hard-working executive.

The Nederlander family operates the nation's largest chain of legitimate theaters, 11 in New York City and more than a dozen others across the country. But Nederlander is just as likely to eat at his desk or at Gallagher's, a sports-oriented steak house in New York, as he is to join the power elite at a place like the "21" Club.

That's the sort of concession that comes naturally to a man who is said to put in 10- to 12-hour work days.

Although no one seemed to want to draw a comparison with Steinbrenner, Lee Silver, the spokesman for the Shubert theater organization, came close. "Bobby," Silver said, "always thinks before he speaks."

Robert Elliot Nederlander was born in Detroit on April 10, 1933, the last of the six children of David T. Nederlander and his wife, Sarah.

David, known as D.T. Nederlander, bought his first theater in 1905 and after his death in the 1960s, his sons — Harry, Jimmy, Fred, Joseph and Robert — more or less kept buying more. (A daughter, Frances, lives in Cleveland.)

Robert, who was captain of the University of Michigan tennis team, stayed in the university town of Ann Arbor to get his law degree and then established a law firm in Detroit.

By 1981, however, the theater operations his brother, Jimmy, had begun in New York had grown so much, Robert was summoned to the city as president of the organization. He served as the behind-the-scenes business manager while the more flamboyant and better-known Jimmy continued as front man and chief impresario.

It was Jimmy who befriended Steinbrenner, paving the way for the joint investment in the Yankees with Robert and their brother Harry, who is based in Detroit. But it is Robert who is taking over the team he has come to love so well.

Kleinman Likely To Sue Vincent

By Murray Chass
New York Times Service

NEW YORK — The chief operating officer of the Yankees will probably file a lawsuit to block a hearing scheduled before the commissioner into his involvement in the Howard Spira affair, people close to the executive indicated.

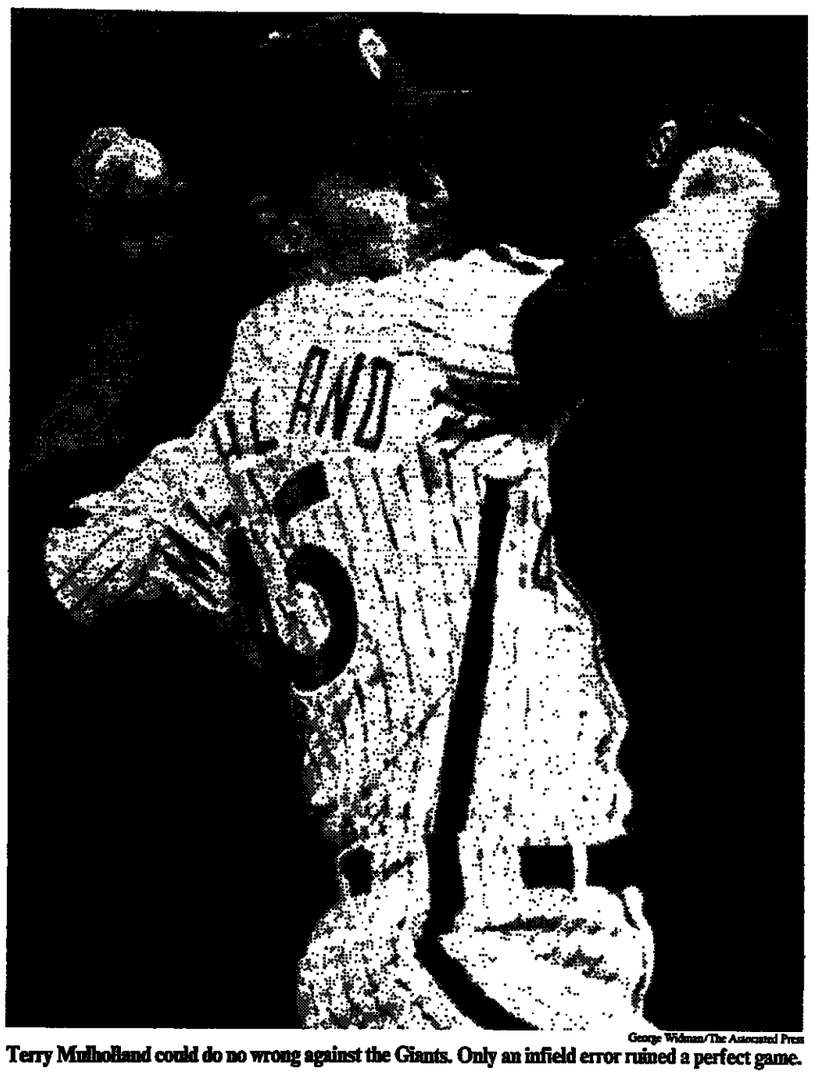
Leonard Kleinman refused to say Wednesday if he would try to block the hearing. But one man familiar with the legal plans said he would almost definitely challenge the commissioner, Fay Vincent, and another indicated a suit would be filed before the Sept. 6 hearing.

Such legal action would be the lawsuit that George Steinbrenner and his lawyers considered filing before Steinbrenner reached an agreement with the commissioner stripping him of his role as the Yankees' general partner.

Steinbrenner, who under the agreement is barred from suing Vincent, had planned to challenge the commissioner on the grounds that he was not impartial and that the investigation was biased. Kleinman spoke in similar terms.

"There's no question in my mind that the commissioner's intent to go forward with the hearing is to destroy my relationship with the Yankees," Kleinman said.

Kleinman was called to a hearing before Vincent for his involvement in the $40,000 payment Steinbrenner made to Spira in January.



George Widman/The Associated Press

Terry Mulholland could do no wrong against the Giants. Only an infield error ruined a perfect game.

Phillies' Mulholland Almost Perfect in Year's 8th No-Hitter

The Associated Press

PHILADELPHIA — Terry Mulholland just missed getting major league baseball's 10th perfect game, but he succeeded in pitching a record-breaking no-hitter for the Phillies.

Mulholland faced the minimum 27 batters in a 6-0 victory Wednesday night over the San Francisco Giants, the eighth no-hitter this season. Seven no-hitters were thrown in 1908 and again in 1917.

"I can't describe how I felt when Charlie grabbed that last ball," Mulholland, 27, who has yet to pitch a full season in the majors, said of third baseman Charlie Hayes's game-ending play, a ground-out just inside the third base line.

Mulholland lost his bid for a perfect game on a seventh-inning throwing error by Hayes. Rick Parker grounded sharply to the left of Hayes, who fielded the ball, but his throw pulled first baseman John Kruk off the bag.

Dave Anderson then hit into a double play.

The last perfect game came when Tom Browning of Cincinnati beat Los Angeles on Sept. 16, 1988.

Mulholland said losing the perfect game never entered his mind when Hayes made the error.

"I'm thinking who I face next. It's nice if you get it," Mulholland said of the perfect game, "but you don't think about that."

It was the first nine-inning no-hitter in the 20-year history of Veterans Stadium, and the first at home by a Phillies' pitcher this century.

1990 No-Hitters

American League

Mark Langston (7 innings) and Mike Witt (2), California vs. Seattle, 1-0, April 11.
Randy Johnson, Seattle vs. Detroit, 2-0, June 2.
Nolan Ryan, Texas at Oakland, 5-0, June 11.
Dave Stewart, Oakland at Toronto, 5-0, June 29.
Andy Hawkins, New York at Chicago, 0-4, July 1.
Melido Perez, Chicago at New York, 8-0, July 12.

National League

Fernando Valenzuela, Los Angeles vs. St. Louis, 6-0, June 29.
Terry Mulholland, Philadelphia vs. San Francisco, 6-0, Aug. 15.

Philadelphia's Jim Bunning pitched a perfect game against the Mets on June 21, 1964 in New York. The only other no-hitters by Phillies' pitchers were Charles Ferguson in 1885, Red Donahue in 1898 and Charles Fraser in 1906.

Mulholland had a career-high eight strikeouts with a pitch he described as a "cutter-slider" and did not walk a batter.

The Phillies' manager, Nick Leyva, noted that Mulholland brought the count to 2-0 only twice. The left-hander threw 105 pitches, 71 strikes and 34 balls.

Mulholland, in the National League for parts of three seasons, came to the Phillies from the Giants on June 18, 1989, with Hayes and pitcher Dennis Cook for reliever Steve Bedrosian.

The Phillies took a 1-0 lead in the first on Kruk's RBI single. An RBI double by Len Dykstra and two-run homer by Darren Daulton made it 4-0 in the fifth. The Phillies added two runs in the sixth on RBI singles by Hayes and Mulholland.

VANTAGE POINT/Ira Berkow

Mystery Opens on Broadway

New York Times Service

NEW YORK — When the Yankee partners at a meeting in Cleveland named Robert Nederlander as the general partner of the team to replace George Steinbrenner, the first question was, "Who?"

Not, who Steinbrenner? He needs little introduction. But, who Nederlander?

Although Robert Nederlander is a limited partner with the Yankees, along with his brothers James and Harry, and is an attorney and the president of the Nederlander Organization, a theatrical enterprise, Robert was relatively invisible in baseball circles. Not unlike most of the limited partners with the Yankees.

A classic moment at another owners' meeting was recalled recently:

"Can't we make a suggestion?" asked one of the limited partners.

"No, you can't," responded Steinbrenner.

When the the curtain went up on the Nederlander selection on Wednesday, veteran baseball writers recalled the moment when a new commissioner of baseball was announced in 1965. He was a retired Air Force general, William Eckert.

"My God," one reporter cried, "they've hired the Unknown Soldier."

Eckert was a man so unknowledgeable in baseball that it seemed he thought a fly ball had wings.

How much baseball Nederlander knows awaits to be seen.

Calls by feverish reporters went out this time not to the Pentagon to learn what manner of man and baseball man is Robert Nederlander, but to the Shubert Organization, to Jujamcyn Theaters, to Catch a Rising Star Inc., to Disney Production (when you dealt with Yankee business, one generally had the impulse to check in with Mickey and Donald).

Early on, all that was known about Nederlander was that he took a position that Hank Steinbrenner eventually wanted no part of.

Hank is the oldest son of George, the recent banishee from baseball. When Fay Vincent determined that Steinbrenner *père* had acted in a fashion "detrimental to the best interests of baseball," the commissioner of baseball worked out an agreement, signed by Steinbrenner, which forced Steinbrenner to give up controlling interest in the baseball side of the Yankees.

Though George was for the most part thrown out of baseball — he could still negotiate other business contracts — he thought he could maneuver his progeny into a position where, it seemed, he could continue to control the onfield Yankees.

When it became clear that the other teams might not give their sanction to his son as general partner and Vincent wasn't coming to Steinbrenner's side on this issue, George's lawyers complained noisily, contending the commissioner had betrayed a verbal agreement.

They implied they might take legal action, and accused Vincent of consorting with an assortment of nefarious characters.

During all this, Hank, who likes to stay out of the spotlight as much as his father coveted it, backed off. He wanted to stay on the farm in Florida with the horse-breeding business.

Enter Nederlander, stage right.

"He's well-liked, incredibly wealthy, and very smart," said a man who knows him and has done business with him, and who requested anonymity. "And he's tough. Underline tough. He's well-respected. And he's politically active at the highest levels.

"He's Mr. Clean. There's never been a taint of scandal associated with his name as far as I know, no problems of any serious nature. This move by the Yankees is like when Drexel had its mess and they brought in an ex-chairman of the Securities and Exchange Commission, John Shad, to take over."

Does Nederlander know anything about baseball, or running a baseball operation?

"I don't know what he knows about baseball, but I don't think he has to know much. He knows how to run a business. You hire good people. He knows the smart from the phonies.

"He's wealthy beyond imagination, like a brilliant player. And not the Trump kind of artificial wealth. It's deep wealth."

"This is not only a good move for the Yankees," he said, "this is a good move for New York."

When the commotion about the problems of succession increased, Steinbrenner tried several maneuvers to get out of the agreement he had signed in his own hand. But George just wouldn't take a hint.

The official date for Steinbrenner's leave-taking is next Monday. Vincent, a civil, dignified, sensible man, might have expected Steinbrenner to have the civility, the dignity, the common sense to go gracefully.

Instead, Steinbrenner was giving him such a headache. "It's a lot of cymbals clanging in the night, signifying nothing," said Vincent.

Now there is Nederlander, who seems to be his own man.

Thus the theatrical script may indeed now read: Exit Steinbrenner.

Cuba Turns Showcase Into 23-1 Rout of U.S.

The Associated Press

EDMONTON, Alberta — In a game expected to be a showdown between Cuba and the United States to end the medal round of the World Baseball Championships, the Cubans scored in every inning except the sixth and routed the Americans, 23-1.

A spokesman for the U.S. team, Bob Bensch, said records are sketchy, but the loss was the worst for the club in at least four years. The U.S. team can now place no higher than seventh in the tournament, the team's lowest finish in a decade.

German Mesa, shortstop and leadoff hitter, led the Cubans with a pair of doubles and three singles in five at-bats. The Cubans hit four home runs.

Cuba is the defending champion.

Canada will play the United States on Friday to determine the seventh- and eighth-place teams in the 12-country tournament.

Shoddy fielding by Canada on Wednesday led to four errors, allowing Puerto Rico to overcome a 6-4 deficit and defeat the host team, 9-6. Canada fell to fourth place in its pool. Puerto Rico clinched a spot in the bronze-medal game.

Also Wednesday, Nicaragua surprised Japan with an 11-4 win to advance to the best-of-three final series Saturday and Sunday against Cuba for the gold and silver medals.

Nicaragua broke up a no-hitter by Ken Suzuki with a four-run fourth inning. The winning pitcher, Carlos Hebert, allowed only seven hits over eight innings.

"We've got a medal already and we feel so proud about that," Hebert said.

When Nicaragua beat Japan during the preliminary round last week, a national celebration ensued in Nicaragua. Hebert was asked if Wednesday's victory would mean a whole week of celebrating and holidays.

"Yes, I think so," he said. "We want to give Cuba some good games but we don't think we're going to come out so excellent like when we play against Japan."

Suzuki gave up five hits, including an RBI triple to Genaro Llanes and a pair of doubles in the fourth inning. One of the doubles, by Bayerdo Davila, brought in two runs.

McGwire's Grand Slam Lifts A's

Compiled by Our Staff From Dispatches

Mark McGwire hit a game-winning grand slam in the 10th inning off Boston Red Sox reliever Rob Murphy to lift the Athletics to a 6-2 victory in Oakland and in the process become the first player ever to record at least 30 home runs in each of his first four seasons.

"It's amazing to think about all of the power hitters that have played the game and I'm the first to do it," said McGwire, who had 49 home runs in 1987, 32 in 1988 and 33 last year, but has played in the shadow of teammate Jose Canseco for much of this season.

Daryl Irvine walked Rickey Henderson, a pinch-hitter, in the 10th on Wednesday and pinch-runner Willie Randolph took second on shortstop Luis Rivera's error of a grounder by Doug Jennings.

The runners advanced on Irvine's wild pitch, and Dave Henderson was walked intentionally to load the bases for McGwire. Murphy replaced Irvine with a 1-0 count.

McGwire said he knew what to expect from the Red Sox left-hander.

"He comes right at you with a fastball and I don't think he'll let you beat him on anything but his good hard fastball," he said. "He just gave me one out over the plate."

The crowd of 41,704 roared as McGwire slowly circled the bases and ended a game that pitted the leaders of the American League East and West against each other.

McGwire, who sat out Tuesday's loss to rest after starting 58 consecutive games, had struck out his first three at-bats against Dana Kiecker before walking in the eighth.

Indians 5, Twins 4: Chris James's game-winning RBI single capped a three-run rally in the seventh and Mitch Webster homered for the fourth time in six games for the Indians in Cleveland.

Brewers 7, Tigers 3: Rob Deer drove in four runs on a two-run homer, a double and a sacrifice fly in Detroit.

White Sox 4, Blue Jays 3: Ivan Calderon singled home one run and doubled and scored another and Sammy Sosa homered for the White Sox in Chicago.

Rangers 2, Royals 1: In Kansas City, Bobby Witt won a team-record ninth straight decision and Gary Pettis's run-scoring single in the seventh ended a string of 17 scoreless innings for Texas.

Witt struck out 11 and walked three in his fourth complete game. He threw 125 pitches, 84 for strikes.

Texas made it 2-0 in the eighth when Ruben Sierra doubled and scored on a single by Harold Baines.

Mariners 2, Orioles 0: Randy Johnson pitched a four-hitter, striking out nine, and Alvin Davis drove in both runs in Seattle with a homer and a sacrifice fly. The Mariners left a team-record 16 runners on base.

Angels 8, Yankees 1: Mark Langston ended his nine-game losing streak in Anaheim, California, pitching a four-hitter and striking out 12 as the Angels handed the Yankees their sixth straight defeat.

Reds 3, Cardinals 1: In a National League game in St. Louis, Herm Winningham's third triple of the game, tying a modern National League record, broke a 12th-inning tie. Winningham also doubled and scored twice.

Braves 8, Pirates 1: In Pittsburgh, rookie Dave Justice hit his ninth home run in 10 games and Francisco Cabrera also homered and Lonnie Smith had a pair of run-scoring singles for the Braves.

Dodgers 3, Mets 2: In New York, Kal Daniels's three-run homer was one of only three hits by Los Angeles off Sid Fernandez and Wally Whitehurst. The home run in the fourth followed a double by Stan Javier and an infield single by Mike Sharperson.

Astros 8, Cubs 4: In Chicago, Craig Biggio tripled and scored the tying run in the ninth, then drove in the game-winner with a single in the 10th. Rafael Ramirez added a three-run double in the Astros' four-run 10th.

Expos 5, Padres 3: In San Diego, catcher Benito Santiago's errant pickoff throw in the 17th inning allowed Andres Galarraga to score the tie-breaking run with two outs as Montreal earned its seventh straight victory.

Galarraga walked with two outs and Larry Walker singled. Santiago tried to pick Walker off at first base, but the ball got away allowing Galarraga to score. Mike Fitzgerald then singled to score Walker.

Bill Sampen pitched five innings on one-hit relief for the victory. *(UPI, AP)*

BASEBALL ROUNDUP

■ Rose Said to Strike Early-Release Deal

Pete Rose, baseball's all-time hits leader who is serving a five-month prison sentence for tax evasion, has cut a deal with federal officials that will reduce his sentence by nearly one month, United Press International reported, quoting a newspaper in Marion, Illinois.

The Marion Daily Republican also reported Rose has received preferential treatment since arriving at the Marion Federal Work Camp on Aug. 8.

The prison warden, John Clark, said he was unaware of any deal. Rose's official release date is Jan. 7.

SCOREBOARD

FOOTBALL

CFL Standings

Eastern Division	W	L	T	Pts	PF	PA
Rhinebow	4	2	0	149	121	8
Hamilton	3	3	0	179	185	6
Toronto	2	3	0	141	171	4
Ottawa	1	4	0	158	176	2
Western Division						
Calgary	4	1	1	224	177	9
Edmonton	4	2	0	250	181	8
British Columbia	2	3	1	155	196	5
Saskatchewan	2	4	0	176	2204	

(Two points for a victory, one for a tie.)

Wednesday's Results
Hamilton 28, Winnipeg 10

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Boston	62	53	.539	—
Toronto	62	56	.525	2
Baltimore	56	60	.483	7
Cleveland	55	62	.470	8½
Detroit	54	65	.454	10½
Milwaukee	53	65	.435	12½
New York	46	72	.397	17
West Division				
Oakland	75	43	.636	—
Chicago	67	47	.588	4
Texas	60	57	.513	14½
Seattle	60	58	.508	15
California	58	60	.492	17
Kansas City	57	60	.487	17½
Minnesota	55	62	.470	19½

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	66	49	.574	—
New York	65	49	.570	½
Montreal	62	54	.534	4½
Chicago	56	61	.479	11
Philadelphia	54	60	.474	11½
St. Louis	54	63	.462	13
West Division				
Cincinnati	68	47	.591	—
Los Angeles	60	56	.517	8½
San Francisco	60	56	.517	8½
San Diego	54	61	.470	14
Houston	51	64	.436	18
Atlanta	44	72	.379	24½

Wednesday's Line Scores

AMERICAN LEAGUE

Boston 000 020 000 0—2 8 1
Oakland 000 000 200 4—6 5 0
(10 innings)

Klocker, Gray (7), Irvine (10), Murphy (10), and Marzano; Stewart and Steinbach. W—Stewart, 17-8. L—Irvine, 1-1. HR—Oakland, McGwire (39).

Minnesota 100 020 200—5 5 1
Cleveland 000 200 300—5 7 2
Wells, Drummond (7), Leach (7) and Harper, Ortiz (9); M.Walker, Orosco (7), D. Jones (8) and Alomar. W—Orosco, 4-4. L—Drummond, 1-4. Sv—D. Jones (32). HR—Cleveland, Webster (11).

Milwaukee 200 020 200—7 12 1
Detroit 001 100 100—3 7 2
Eden, Mirabella (5), Crim (7), Plesac (9) and C. O'Brien; Searcy, Nunez (7) and Heath. W—Mirabella, 4-2. L—Searcy, 1-5. Sv—Plesac (18). HRs—Milwaukee, Deer (22), Vaughn (11).

Toronto 000 002 010—3 6 0
Chicago 000 110 00x—4 8 0
Candelaria, Wills (4), D. Ward (8) and Myers; McDowell, Thigpen (9) and Fisk. W—McDowell, 7-6. L—Candelaria, 7-5. Sv—Thigpen (30). HR—Chicago, Sosa (11).

Texas 000 000 110—2 11 0
Kansas City 000 000 001—1 6 1
S. Witt and Petrelli; S. Davis, I. Sanchez (8), Crawford (8) and Macfarlane. W—S. Witt, 12-8. L—S. Davis, 6-8.

New York 000 100 000—1 4 1
California 104 000 00x—5 13 0
LaPoint, Plunk (6), J. Jones (7) and Cerone; Langston and Parrish. W—Langston, 6-15. L—LaPoint, 6-9. HR—California, Downing (12).

Baltimore 000 000 000—0 4 1
Seattle 001 010 00x—2 10 0
Hornisch, Price (6), Williamson (6), Olson (8) and Melvin; R. Johnson and Valle. W—R. Johnson, 11-7. L—Hornisch, 9-7. HR—Seattle, A. Davis (18).

NATIONAL LEAGUE

Houston 002 100 001 4—8 12 1
Chicago 200 011 000 0—4 11 0
(10 innings)

Deshaies, Andersen (7), De. Smith (9) and Biggio. Nichols (10); Bielecki, Assenmacher (7), Lancaster (9), Mu. Williams (9), Pico (9) and Girardi. W—De. Smith, 3-4. L—Pico, 4-3. HR— Houston, Rhodes (1).

Cincinnati 001 000 000 002—3 11 1
St. Louis 000 000 100 000—1 11 0
(12 innings)

Charlton, Myers (8), Dibble (10), Layana (12) and Oliver; Hill, Dayley (4), DiPino (6), Le. Smith (8), Niedenfuer (10), Sherrill (12) and Zalla. W—Dibble, 5-3. L—Niedenfuer, 8-4. Sv—Layana (2).

San Francisco 000 000 000—0 3 0
Philadelphia 100 022 00x—5 8 1
Robinson, Downs (7) and Kennedy; Mulholland and Daulton. W—Mulholland, 7-4. L—Robinson, 8-4. HR—Philadelphia, Daulton (10).

Los Angeles 000 200 000—2 7 0
New York 100 001 000—2 7 0
Morgan, Gott (8), J. Howell (9) and Dempsey; Fernandez, Whitehurst (8) and Sasser. W—Morgan, 10-11. L—Fernandez, 8-9. Sv—J. Howell (10). HR—Los Angeles, Daniels (18).

Atlanta 000 012 001—4 12 1
Pittsburgh 000 010 000—1 6 0
Castillo, Parrett (6), Mercker (8) and Olsen; Heaton, Bair (6), Ross (8), Landrum (9) and Slaught. W—Castillo, 3-3. L—Heaton, 10-8. HRs—Atlanta, Cabrera (4), Justice (17).

Montreal 200 000 000 000 02—5 14 1
San Diego 111 000 000 000 00—3 15 1
(17 innings)

Gross, Reies (6), Rueskin (7), Burke (9), Frey (11), Sampen (13) and Fitzgerald; Hurst, Harris (8), Lefferts (10), Rodriguez (12), Lillquist (14), Davis (17) and Santiago. W—Sampen, 10-4. L—Davis, 9-1. HR—Montreal, Galarraga (14).

Japanese Leagues

Central League

	W	L	T	Pct.	GB
Yomiuri	64	33	0	.660	—
Hiroshima	46	45	1	.505	15
Tokyo	46	46	2	.500	15½
Chunichi	47	50	1	.485	17
Yakult	41	52	0	.441	21
Hanshin	40	53	0	.430	22½

Pacific League

	W	L	T	Pct.	GB
Seibu	59	27	4	.686	—
Orix	49	48	3	.551	11½
Kintetsu	48	44	1	.522	14
Nippon Ham	46	44	1	.511	15
Lotte	33	50	2	.398	24½
Daiei	29	59	3	.330	31

Thursday's Results
Hiroshima 11, Chunichi 3
Tokyo 4, Hanshin 3, 10 innings
Seibu 6, Orix 2
Daiei 7, Kintetsu 6
Lotte 3, Nippon Ham 1

World Championship

In Edmonton, Alberta
Medal Round
Pool C

	W	L
Cuba	3	0
South Korea	2	1
Taiwan	1	2
United States	0	3
Pool D		
Japan	2	1
Nicaragua	2	1
Puerto Rico	2	1
Canada	0	3
Consolation Round		
Italy	2	1
Netherlands	2	1
Mexico	1	2
Venezuela	1	2

Wednesday's Results
Italy 7, Venezuela 2
Nicaragua 11, Japan 4
Puerto Rico 9, Canada 6
Cuba 23, United States 1, 7 innings

BASKETBALL

World Championship

In Buenos Aires
Quarterfinals
Championship Bracket
Group I

	W	L	Pts
x-Puerto Rico	3	0	6
x-United States	2	1	4
Australia	1	2	2
Argentina	0	3	0
Group II			
x-Yugoslavia	3	0	6
x-Soviet Union	2	1	4
Greece	1	2	2
Brazil	0	3	0
Consolation Bracket Group III			
Spain	3	0	6
Venezuela	2	1	4
China	1	2	2
Egypt	0	3	0
Group IV			
Italy	3	0	6
Canada	2	1	4
Angola	1	2	2
South Korea	0	3	0

x-advanced to semifinals

Wednesday's Results
Group I
Puerto Rico 81, United States 79
Australia 95, Argentina 91
Group II
Yugoslavia 77, Greece 67
Soviet Union 110, Brazil 100
Group III
Spain 122, Venezuela 102
China 95, Egypt 87
Group IV
Italy 118, Canada 81
Angola 104, South Korea 93

TRANSACTIONS

BASEBALL
National League

CINCINNATI—Put Danny Jackson, pitcher, on the 15-day disabled list, retroactive to Aug. 14. Called up Chris Hammond, pitcher, from Nashville, American Association.

NEW YORK—Put Keith Miller, infielder-outfielder, on the 15-day disabled list. Recalled Darren Reed, outfielder, from Tidewater, International League.

BASKETBALL
National Basketball Association

CLEVELAND—Said they will not offer a contract to Tree Rollins, center.

DALLAS—Signed Alex English, forward.

L.A. LAKERS—Waived Michael Cooper, guard-forward.

FOOTBALL
National Football League

BUFFALO—Released Rick Tuten, punter.

GREEN BAY—Agreed to terms with Ken Ruettgers, offensive tackle, on a two-year contract.

KANSAS CITY—Agreed to terms with Pete Mandley, wide receiver, on three one-year contracts.

MINNESOTA—Released John Galvin, linebacker.

NEW ORLEANS—Signed Tommy Kramer, quarterback, to a one-year contract.

N.Y. GIANTS—Waived LaSalle Harper, linebacker; Frank Baur, quarterback; Michael Riddick, wide receiver; Sean Millington, fullback, and Andy Lack, offensive tackle.

PHILADELPHIA—Agreed to terms with Ben Smith, defensive back, on a four-year contract. Signed Rick Aelitis, tight end. Removed Kevin Thomason, safety, and Matt Darwin, offensive tackle, from the physically unable to perform list and put them on the active roster. Waived Victor Windrey, running back.

SAN FRANCISCO—Signed Chet Brooks, safety, to a two-year contract.

HOCKEY
National Hockey League

N.Y. ISLANDERS—Signed Don Maloney, left wing, to a one-year contract.

ST. LOUIS—Signed Paul MacLean, right wing, and Dave Lowry, left wing, to multi-year contracts.

COLLEGE

FAIRFIELD—Named Phil Palumbo men's and women's swimming coach.

HAMPTON—Named Dennis E. Thomas athletic director.

MISSOURI—Said that Travis Ford, basketball guard, will not return to school this fall.

FRANKLIN & MARSHALL—Named Jack Newell baseball coach; Mary Mix women's volleyball coach; Sue Arnold field hockey coach; Roger Brubaker men's soccer coach; G.W. Mix, men's lacrosse and women's soccer coach, resigned to become lacrosse coach at Pennsylvania.

FULLERTON STATE—Named Augie Garrido baseball coach.

LA SALLE—Extended contract of John Miller, women's basketball coach, for two years.

PENN STATE—Named Jan Bortner men's tennis coach.

PENNSYLVANIA—Named Ned Edwards men's squash coach. Named Margaret Feeney women's volleyball coach.

PHOENIX—Named Troy Hudson men's basketball coach.

PITTSBURGH—Named Mark Jackson baseball coach.

ST. THOMAS, FLA.—Named Joyce Cuttes women's tennis coach.

SE. LOUISIANA—Named Tom Double athletic director.

STANFORD—Named Wieslaw Kuzia men's crew coach.

TENNESSEE—Debbie Scott, forward, and Melissa Smith, center, left the women's basketball team.

UC SAN DIEGO—Named Douglas Boyd men's and women's swimming and diving coach; Melissa Jarrell women's softball coach; and Allison Reid men's and women's fencing coach.

UC SANTA BARBARA—Named Tim Rivera women's gymnastics coach.

WESTERN CAROLINA—Named Janet Cone women's basketball coach.

WEST CHESTER—Named Kendall Walkes soccer coach.

Early Exit for Gilbert, Chang

United Press International

NEW HAVEN, Connecticut — The tournament's defending champion Brad Gilbert, the 1989 French Open titlist Michael Chang and Goran Ivanisevic, a Wimbledon semifinalist, joined the long list of early upset victims at the Volvo International, losing second-round matches to opponents ranked outside the top 100.

Nine of the 16 seeds failed to survive the second round, including six of the top nine. Six seeds were ousted Wednesday and earlier in the week the top seed, Ivan Lendl, lost.

Gilbert lost to a qualifier, Cristiano Caratti, an Italian ranked No. 173 in the world. Caratti dispatched the third seed, 6-4, 6-4.

Before the tournament here, Caratti had not played a match on the 1990 Association of Tennis Professionals tour.

Chang, the fourth seed, was eliminated by a 19-year-old Australian, Todd Woodbridge, ranked 135th. Woodbridge, who had had never before beaten any player ranked among the world's top 50, won by 6-3, 1-6, 6-3.

Ivanisevic, an 18-year-old Yugoslavian who was the sixth seed, lost to a player ranked 109th, Paul Chamberlin, by a 6-1, 7-6 score.

Another surprise loser on Wednesday: No. 8 Tim Mayotte, downed, 4-6, 6-4, 6-3, by Derrick Rostagno.

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OBSERVER

Just a Washed-Up Hero

By Russell Baker

WASHINGTON — If you like farce you had to love the outcome of the government's case against Marion Barry, Washington's most famous film star (a.k.a. "the mayor") and leading contender for the title of Playboy of the Western World.

The thing ended with the mayor being convicted of a single misdemeanor. On all the other charges, including some that were rather serious, the jury gave up in indecision.

The one misdemeanor conviction is the ultimate joke on the prosecution. It amounts to sending a note home to Mother Barry. ("Unless Marion quits shooting spitballs in civics class, we shall have to make him stay after school and clap the erasers.")

The prosecution seemed to hope for a verdict that would put the mayor forever out of public office. Conviction for perjury, with which he was charged, would have done the trick. A misdemeanor conviction won't.

□

Misdemeanors are low-grade offenses against the social contract, like disturbing the peace.

They are widely forgiven with the explanation President Nixon's people used in arguing that the Watergate affair didn't amount to a hill of beans: "They all do it."

In effect, this was what the jury's indecision told the prosecution about Mayor Barry's gaudy behavior over the past few years: Sure, the mayor had disturbed the peace, but why make such a fuss? They all do it.

This explanation turned up in man-in-the-street interviews in the Washington media, even about the mayor's demonstrable and admitted use of cocaine: everybody does it, or at least did it sometime in the old days, so why single out the mayor for punishment?

Well, there were reasons of course.

The mayor, who is black and a onetime hero of the Mississippi civil rights movement when Mississippi could be the death of black civil rights activists, wasn't just everybody. He was special.

He was an achiever whom the black youth of Washington might be expected to admire and to emulate. The mayor had hero potential.

That is a rare and marvelous gift just now, because heroes are pretty well all washed up in the United States these days. In place of heroes, we now have celebrities, which is to say, junk people.

The celebrities' social mission is to have their frailties, peccadilloes and vices lavishly recorded by press and television to keep the uncelebrated masses titillated. Their purpose is to keep us happy with our anonymity.

Saving yourself from becoming a celebrity is hard once you acquire a taste for seeing your name in headlines.

□

Mayor Barry had hero potential, but not enough to resist declining into just another celebrity destined to shock the bourgeoisie with the usual extramarital adventures and illegal substances.

His trial documented this decline, supplying the comically sordid details beloved by readers of the checkout-counter tabloids. And afterward we can all cluck and say, "Shocking, shocking," though it isn't shocking but merely disappointing.

All that was missing at the end was the broken-hearted black kid with tears in his eyes approaching the failed hero on the courthouse steps, saying, "Say it ain't so, Mister Mayor."

The press has dwelt on how the trial has made Washington's bleak racial tensions even bleaker, thus implicitly supporting the mayor's legal defense strategy, which sought to exploit reliable old, always inflammable American racism by suggesting that white prosecutors were out for a high-toned lynching.

If the mayor were white, ran the not so sly hint, no prosecutor would have bothered. The mayor had only done what everybody does.

In other words: The mayor is just a celebrity; it's racism to hold him to higher standards than we demand of Rob Lowe or Roseanne Barr.

The hung jury sending its timid note home to Mother Barry has, in its confusion, stumbled to the heart of the matter.

The mayor didn't deserve to be measured by a noble standard. He had failed heroism. He was just another silly celebrity. They all do it.

New York Times Service

Zunis Reversing the Flow of Indian Art

By Roberto Suro
New York Times Service

ZUNI, New Mexico — There is a secret shrine on a sage-covered hill in the heart of the Zuni Reservation where Indians exercise a radically new concept of their property rights every time it rains or snows, or the sun bears down with the heat of the day.

Inside the small red stone building sit 38 rare wooden statues of Zuni war gods, two to three feet high, austere and cylindrical, with rounded heads and stark faces. All belonged to museums and private collections until the Zunis launched a quiet campaign to win them back. The war gods, once protected by curators, have been deliberately exposed to the weather by Zuni priests so they will decay into dust.

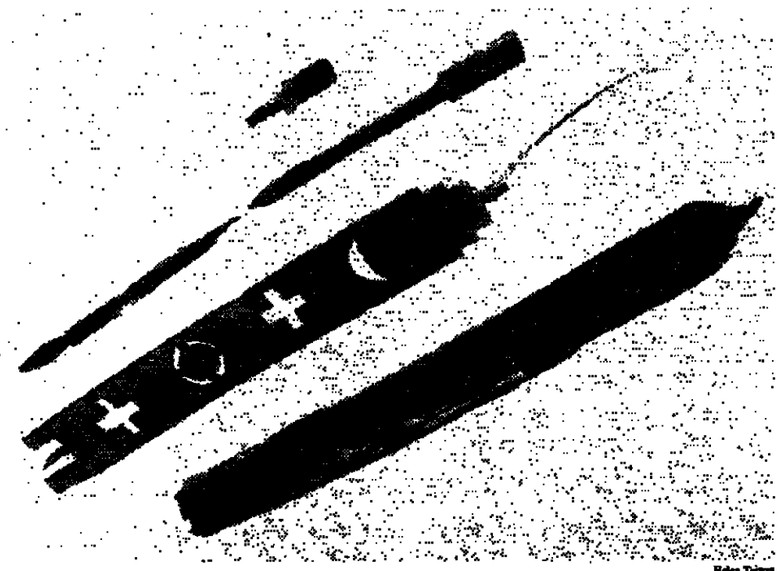
This is a rare story of American Indians' getting back what was taken from them and it may presage broad changes in the ways that Indian artifacts are bought and sold, in how they are studied and exhibited.

"Taking Zuni war gods out of climate-controlled museum cases and setting them out in the rain is a terrible thing to do if you consider them artworks or cultural artifacts," said Edmund J. Ladd, curator of ethnology at the Museum of New Mexico in Santa Fe. "But it makes sense if you consider them religious objects that do their work by disintegrating."

While many other tribes are pressing museums and collectors to return human remains and tribal artifacts, the nationwide campaign by the Zunis has been the most successful. They have received or begun discussions to acquire every war god known to be in the hands of an American museum or collector — more than 50 statues in all, in 21 museums and five private collections.

"The Zunis were on the cutting edge in establishing their rights because they went about it in such a thoughtful and responsible manner," said Don Ortner, chairman of the anthropology department at the National Museum of Natural History in Washington.

"We don't really concern ourselves much with what's going on in terms of other tribes," said Barton Martza, head councilman of the Zunis, "and we really don't get into the legal stuff very much either. When we go to talk to a museum, we mostly just tell them what we believe."



Ridga Talawa

Roberto Suro/The New York Times

Zuni war god (at bottom above) and other material returned to the Indians. Left, Barton Martza, head councilman of the Zunis.

It has been about a thousand years since the Zunis first inhabited their homeland of sandstone mesas and thick forests of runty piñon and tall ponderosa pines about 140 miles southwest of Albuquerque. Like many other Indian tribes in recent years, the 7,000 Zunis on their 400,000-acre reservation have suffered from underemployment and the abuse of alcohol and drugs. Farmers by tradition, most now live off government programs and jewelry making, Martza said.

In just a few decades the Zunis have lost some religious practices, like sword swallowing and nose piercing. More threatening, said Ladd, there are now only three members of the Bow Priesthood, while not long ago there were as many as 40. The priests are an important repository of Zuni traditions that are passed down only by word of mouth. They are the only ones allowed to touch the idols.

One tradition that has persisted, however, is devotion to the war gods, known in the Zuni language as Ahayuda. The new shrine with the recovered idols seems to have stoked this faith. Two war god idols, representing twin brothers who are the guides and guardians of the tribe, are carved every year in an all-night ceremony on the winter solstice; others are made on rare special occasions. They are then taken to caves and other age-old hiding places in the mesas surrounding the Zuni Pueblo.

"Each Ahayuda serves as guardian for the tribe until he is relieved by a new one, and then the old ones must remain there, contributing their strength until they go back to the earth," said Pesancio Lasiloo, the tribe's lieutenant governor.

The statues are starkly carved, the faces suggested only by the hollow of the eyes, a jutting nose and the cut of a jaw. They are distinctly phallic in appearance, for the war gods bear the attributes of young men: strength, aggression and an Olympian sense of mischief.

"They can play little tricks," Lasiloo said, "and they can do destructive things, especially when they are taken from their proper places. They can make people sick if they are taken into a home, and there is one in California that maybe has done some of the earthquakes out there."

The war gods were notably popular as exotic items in Paris in the 1920s and 1930s, especially among the Surrealists. In recent years Zuni war gods have sold for as much as $40,000, said Ortner.

The Zunis started trying to retrieve their statues in 1978 after they came across documentary evidence that a 19th-century surveyor had taken a statue that ended up in the Denver Art Museum.

The tribal council then formally committed itself to recover all that could be found. Other groups, like the Pawnees and some Hawaiians, have won back human remains, persuading the Smithsonian to sign a formal agreement on the subject last year. But Ortner said no other Indian group had been as successful as the Zunis.

Martza said the tribe used a novel but simple argument in persuading the museums. "We explained that the war gods were created in a communal process for the use of the entire tribe and that the entire tribe owns them," he said. "So no individual Zuni has ever had the right to give them away or sell them, and no outsider has been given permission by the tribe to take them."

The same concept is at the heart of legislation in both the Senate and House that would create a category of communal property for objects of cultural or religious importance to American Indians.

The Zunis twice took legal action to halt public sales of war gods, including an idol that was part of the Andy Warhol estate.

"There is no market for Zuni war gods anymore," said Bernard de Grunne, director of tribal and American art at Sotheby's New York office. "They are simply too much trouble to handle."

PEOPLE

Newman or Stallone To Play Enzo Ferrari?

Two years after his death, the life of the great Italian car builder Enzo Ferrari is to be the subject of a film, and backers are hesitating between Paul Newman and Sylvester Stallone for the lead. The director Sydney Pollack originally favored Newman, a skilled driver. Stallone has been lobbying on his own behalf. Vittorio Cecchi Gory, one of the producers, commented that Ferrari would "turn in his grave" if Stallone played the lead. The family has given approval on two conditions: the right to inspect the script and a veto over the choice of the principal actor.

□

A wealthy Saudi sheikh known for his fervor at the gambling tables lost 84 million francs (about $16 million) in one unlucky month at the Carlton Club in Cannes. Sheikh Eynani, described as a counselor to Prince Faisal, lost 65 million francs in just four nights between June 15 and July 15, Agence France-Presse said. His total losses represent two-thirds of the 130 million francs taken in by the Carlton so far this year. The newspaper Le Parisien said the sheikh, hoping to recover some of his losses, then tried the tables in nearby Monte Carlo, only to lose 30 million more. The reports said Eynani, who lost 80 million francs in 1985 at Cannes's Palm Beach casino, was able to make immediate payment of only 60 percent on the new debt.

□

Prince Hans Adam II has been enthroned as the new ruler of Liechtenstein. The prince, 45, actually began running affairs of state in 1984 when his father, **Franz Josef II**, became too frail. Franz Josef died last November at age 83.

□

Oliver North has found a new fund-raising angle for his rightist Freedom Alliance. The former National Security Council staff member is joining **Senator Jesse Helms's** attack on the National Endowment for the Arts, which he fears could get full funding from Congress. "If they succeed — you and every other patriotic American will be forced to continue funding blasphemy and the most revolting pornography," he wrote in his fund-raising letter. A "generous gift" to the Freedom Alliance, North promises, will help end "federal funding for pornography."

TODAY'S **REAL ESTATE MARKETPLACE** Appears on PAGE 5

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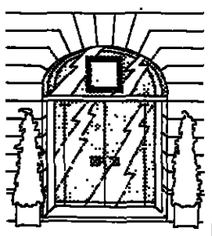

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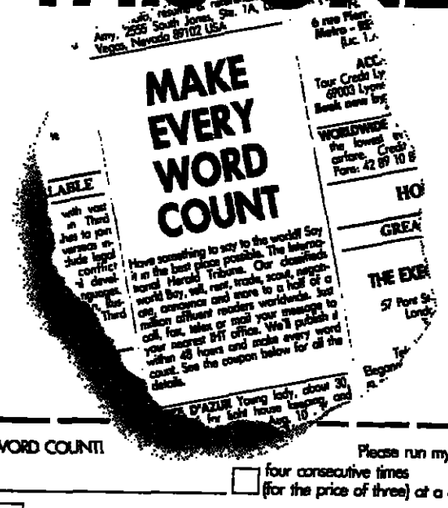

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